

**Town of Chapel Hill
North Carolina**

**2009-2010
ADOPTED BUDGET**



Mayor
Kevin C. Foy

Mayor pro tem
James Ward

Town Manager
Roger L. Stancil

Town Council
Matt Czajkowski
Laurin Easthom
Sally Greene
Ed Harrison
Mark Kleinschmidt
Jim Merritt
Bill Strom

Finance Officer
Kenneth C. Pennoyer



MANAGER'S OFFICE
Town of Chapel Hill
405 Martin Luther King Jr. Blvd.
Chapel Hill, NC 27514-5705

phone (919) 968-2743 fax (919) 969-2063
www.townofchapelhill.org

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 2009-10. The budget was adopted by Council on June 8, 2009 and includes a revenue neutral combined property tax rate for the General Fund, Transportation Fund, and Debt Service Fund of 49.4 cents per \$100 of assessed value; a decrease of 8.7 cents from the 2008-09 budget. The property tax rate for the Downtown Service District is adjusted to a revenue neutral rate of 7.1 cents per \$100 of assessed value.

Developing an annual budget for Town services is a key responsibility of the Town Council as elected representatives of the community. The Annual Budget for 2009-10 recognizes Council's most important goals and makes adjustments to compensate for the impact of the economic crisis. We were 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 2009-10 budget year. In addition to continuing basic services, the annual budget:

- Maintains a fare-free transit system as in past years;
- Maintains pay and employee health benefits at current levels;
- Maintains funding level for performance agreements with outside agencies;
- Provides for a reduced level of capital projects and delays debt issuance; and

This Annual Budget document is organized as in previous fiscal years utilizing the governmental budget practices recommended by the Government Finance Officers Association of the United States and Canada.

Respectfully submitted,

Roger Stancil
Town Manager

July 1, 2009

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June 8, 2009

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

The adopted annual budget for the Town of Chapel Hill for Fiscal Year 2009-10 is submitted herein, in accordance with the Local Government Budget and Fiscal Control Act. As we have discussed, the global financial crisis and the continuing recession have created a difficult environment for constructing next year's budget. To provide a budget that meets Council's objectives of a revenue neutral tax rate while maintaining core services, we employed strategies using basic principles of financial management in times of uncertainty. These strategies include:

- Reevaluating long-term commitments such as CIP projects and debt issuance
- Scaling back spending where possible during the current year to provide additional fund balance to offset potential revenue shortfalls in next year's budget
- Concentrating efforts on maintaining core service levels and compensation plan elements that help to retain experienced employees

State law requires the Town to declare a revenue neutral tax rate for FY2009-10, a revaluation year for Orange County. The revenue neutral rate calculated in accordance with state statutes is shown in the table below. We also show the recommended rate that is slightly lower than the revenue neutral rate. We are recommending the slightly lower rate because the growth factor used to calculate the revenue neutral rate is skewed by unusually large growth in the portion of the Town that is in Durham County. The Durham County part of the Town grew at 26.6% per year during the revaluation period, while the Orange County portion grew at a rate of approximately 1.8% per year. To reflect what we believe to be a true growth rate for the Town, we are recommending a tax rate calculated using the average annual growth for Orange County only. We balanced this budget using the following tax rates for the General Fund, Debt Fund and Transit Fund.

Property Tax Rates

	FY2008-09 Current	FY2009-10 Revenue Neutral	FY2009-10 Adopted
General Fund	42.3	36.3	36.0
Debt Fund	11.0	9.4	9.3
Transit Fund	4.8	4.1	4.1
Total	58.1	49.8	49.4

We are appropriating \$3,163,493 from the Town's fund balance to balance the General Fund budget and accomplish the Council's goals. A portion of this fund balance comes from the budget savings set-aside during the current fiscal year and the remainder is from existing fund balance. Based on our preliminary estimates it looks like we will finish the current fiscal year with a 13.0% undesignated General Fund balance. This level of reserves is slightly below the average for the triple A rated peer group. 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.

Long-Term Goals

The Town's primary long-term goals are stated in the revised Comprehensive Plan adopted by the Town Council in the spring of 2000, with goals updated on May 12, 2003. The Town's Comprehensive Plan is organized around 12 major themes which together form a strategy for Chapel Hill's future. These themes are:

- Maintain the Urban Services Area/Rural Buffer Boundary.
- Participate in the regional planning process.
- Conserve and protect existing neighborhoods.
- Conserve and protect the natural setting of Chapel Hill.
- Identify areas where there are creative development opportunities.
- Encourage desirable forms of non-residential development.
- Create and preserve affordable housing opportunities.
- Cooperatively plan with the University of North Carolina.
- Work toward a balanced transportation system.
- Complete the bikeway / greenway / sidewalk systems.
- Provide quality community facilities and services.
- Develop strategies to address fiscal issues.

Taken together, the major themes show a pattern of commitment to community involvement in development and services in the community.

Service Goals

The Town of Chapel Hill strives to achieve the following service goals:

- Provide fair, effective, efficient and fast customer service;
- Offer secure, reliable and affordable services;
- Maintain safe environment and attractive public facilities;
- Provide protection and public safety;
- Provide accurate and timely current and historical public information;
- Maintain basic Town services;
- Retain employees and continue to invest in the maintenance of employee skills, knowledge and abilities as a key community resource;

- Provide funding for maintenance and capital projects at a reasonable level to adequately maintain Town facilities;
- Retain fare-free transportation services;
- Invest in technology as a means to provide fast, secure and reliable information for Council, staff and citizens;
- Maintain current transit service levels and routes;
- Preserve overall financial health of the Town of Chapel Hill; and
- Provide economic, cultural and leisure opportunities.

Planning Retreat Priorities

The Council held a planning retreat with members of the Senior Management Team on February 20-21. The results of that retreat focused our attention on the following priorities:

- **Steward Organizational Development:** Continue to work with the Town Manager to develop a style and system of leadership that will ensure the effective provision of services, while supporting the delivery of Council goals and objectives.
- **Champion Downtown:** Create and market an attractive, magical entertainment, cultural, and dining district; mitigate the impact of the High Density Development construction process; and work with the IFC in identifying a site for the shelter and transitioning out of downtown to assist them in achieving their goal of providing optimal services.
- **Continue Focus on Land use, Transit and Development:** Make Chapel Hill a better place to live, work, learn, and play; make Chapel Hill a more diverse community; and make Chapel Hill a more sustainable community.
- **Maintain and Improve Community Facilities and Services:** Sustain Chapel Hill's vibrant, unique spirit and sense of community; provide a safe and secure community; support and enhance the quality of life in Chapel Hill.
- **Improve Town's Fiscal Condition:** Diversify revenue sources consistent with Town values to reduce pressure on residential property tax; identify and pursue internal operating efficiencies; and develop a strategic financial plan for long-term sustainability.
- **Plan Ahead for Carolina North:** Establish a collaborative and trusted environment to enable the University to develop and plan for a Carolina North strategy that will correctly balance the needs of the University with the needs of the citizens of Chapel Hill.

While there are no new initiatives in the adopted budget, our efforts are guided by this focus.

Balancing the Budget with a Revenue Neutral Tax Rate

To address the anticipated revenue shortfall resulting from the faltering economy we have taken steps to balance next year's budget consistent with prudent and sustainable financial practices.

Reevaluating long-term commitments such as CIP projects and debt issuance: In the past few budget years, the Town has made significant investments in public facilities. As a result of those investments between 2004 and 2008, annual debt service on outstanding debt increased from \$2.4 million to more than \$6 million. For the FY2008-09 budget, a debt management plan was adopted to provide a better system for management of the Town's debt and controlling its effect on the Town's operating budget. While the current tax rate dedicated to the debt fund is sufficient for the debt service on issued debt, it is not sufficient to pay for the debt service on the \$20.4 million of authorized, but unissued, general obligation bonds. Our projections indicate that we can issue these bonds in Spring of 2010 without increasing the dedicated tax for the debt fund. We also anticipate that the economic conditions that have caused us to delay debt issuance will have improved by that time.

In addition to delaying debt funded capital projects, we have significantly reduced CIP projects funded through a transfer from the General Fund in the FY2009-10 Budget. The projects listed below, for the most part, are minimal levels of major maintenance and facility improvements. The Fiber Optic Network Project represents a one-time opportunity to install a municipal fiber optic system in conjunction with NCDOT's traffic signal project. This project will create a fiber-optic infrastructure for the Town at approximately one tenth the cost of building it ourselves. Total funding for capital projects in the CIP is recommended at \$749,000. Projects included in the CIP for this year include the following:

Extraordinary Maintenance - Emergency Repairs	\$ 100,000
Curb Repairs: ADA Compliance	30,000
Fiber optic cable	300,000
Small Park Improvements	60,000
Playground Replacement	75,000
Greenways	50,000
Parking Lots/Paths/Trails	100,000
Sport Art Gymnastics Building and Grounds	14,000
Cemetery Beautification	20,000
Total	\$ 749,000

By delaying debt issuance until spring of 2010 and scaling back the CIP program, we eliminated approximately \$1.4 million of next year's budget gap.

Scaling back spending where possible during the current year to provide additional fund balance to offset potential revenue short-falls in next year’s budget: In October of this fiscal year, as it became evident that the global economic crisis would affect Town revenues, we took steps to reduce costs and set aside funds in a budget savings account to be available to help balance the FY2009-10 budget. We exceeded our 5% budget savings target for FY2008-09 with approximately \$2.6 million available to balance the FY2009-10 budget. In addition to the Budget Savings Plan, we placed specific restrictions on new hires and travel in order to help control personnel and operating costs.

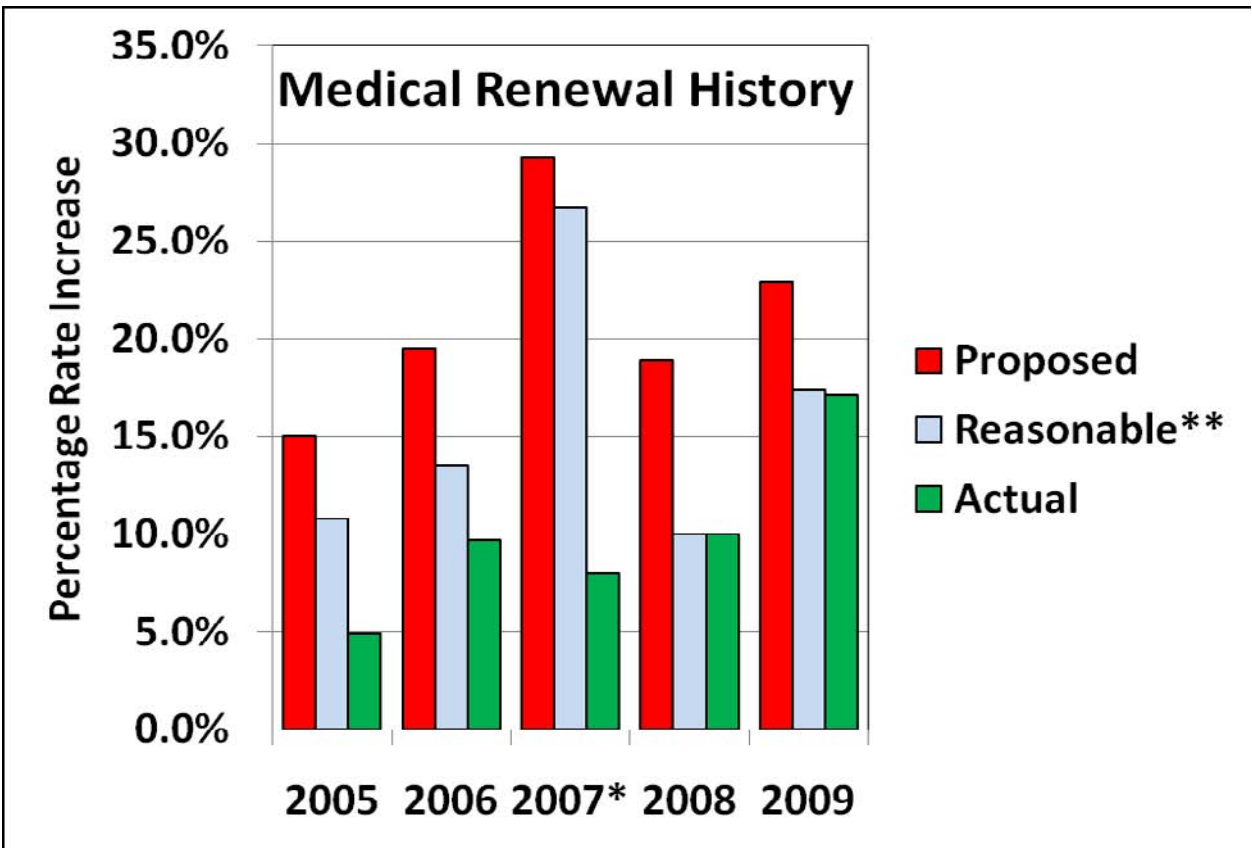
In order to create a balanced budget with reduced revenues and no tax increase, we asked departments to balance maintaining current levels of service with the goal of zero increase in their operating budgets. We could not accomplish that goal without affecting the level of some services. We placed our emphasis, however, on making budget reductions that had the least impact on services to residents. The following General Fund expenditure budget reflects this strategy.

General Fund Expenditures			
Department	08-09 Original Budget	09-10 Adopted Budget	% Change
General Government	9,269,763	8,826,125	-4.8%
Environment and Development	13,286,985	13,357,480	0.5%
Public Safety	19,155,021	19,434,467	1.5%
Leisure	7,909,231	8,197,928	3.7%
General Fund Budget	49,621,000	49,816,000	0.4%

Overall, general fund expenditures for FY2009-10 are approximately the same as last year’s original budget. The Town will continue to fund its retiree healthcare liability at the same level as the current year, \$400,000. Although this is only a fraction of the amount needed to fully fund the liability in 30 years, maintaining this minimal funding level is appropriate given the revenue constraints on next year’s budget and to continue to demonstrate our commitment to meeting our funding requirement. The overall funding for performance agreements with outside agencies is proposed at the same level as last year.

Concentrating efforts on maintaining core service levels and compensation plan elements that help to retain experienced employees: Employee pay and benefits comprise almost 70% of the General Fund Operating expenditures. They also represent the greatest challenge in cost containment. The Town compensation plan strives to maintain compensation that is competitive and continues to attract and retain quality Town employees, based on prevailing wages and benefits in the Triangle labor market. The keystone of this strategy is maintaining highly competitive employee benefits.

Repeatedly, our conversations with employees and prospective employees suggest that the Town's benefit levels are an important recruiting and retention tool. Unlike many of our surrounding communities we have not decreased benefit levels in response to health care cost inflation. As the following graph shows, we have been successful in recent years in keeping the costs below both what our carrier has proposed and what our consultant says would be reasonable under the circumstances. The pattern shown in the following graph suggests that we have avoided some escalation in costs by changing carriers. Due to the narrow market for medical insurance coverage, however, we will not continue to benefit from changing carriers. We need to continue to address these rising costs through employee health initiatives and by ensuring we have the most efficient plan structure for the level of benefits we wish to provide. Over the next year, I will work with our healthcare consultants and our employees to review the current benefit structure to develop a plan for strategic plan refinements that protect our employees on a sustainable basis and continues to serve as a recruiting tool.



* 2007: Changed Carriers – Proposed and Reasonable based on United and Actual is BCBS

** Reasonable: Based on claims experience and standard costs

For FY2009-10, we are expecting a 17.1% increase in employee medical benefits. Absorbing this additional expense puts significant pressure on departmental budgets. In order to accommodate this cost increase and still achieve the Council goal of adopting a revenue neutral tax rate, I am recommending no adjustments to employee pay for next fiscal year. Our survey of other jurisdictions indicates that the vast majority of North

Carolina governments are not providing a cost of living increase next year. For this reason we believe that the total compensation package offered by the Town continues to be competitive.

Fund Balance

With respect to budget preparation, there are two sources of available or “spendable” fund balance. The first is the residual fund balance accumulated from prior years and the second is the excess of revenues over expenditures from the current year’s budget. The limitation on using fund balance as a funding source in the next year’s budget is the need to maintain a prudent level of fund balance to deal with circumstances such as a sudden loss of revenue or extraordinary unplanned expenses from which the Town cannot recover in the same budget period.

For the Town of Chapel Hill, given our status as a triple A rated municipality, the minimum level of fund balance should be 12%. In recent years, the Town has become more dependent on the excess of revenues over expenditures from the current year to fill the revenue gap in the next year’s budget. For FY2009-10, we are planning to use \$2.6 million from the current year. Most of this money has been set aside in budget savings accounts as part of the Town’s plan to deal with the economic crisis. The additional fund balance needed to balance the budget is approximately \$500,000. This amount will come from residual fund balance. Based on our estimates this will drop the fund balance to approximately 13%

The potential for the carryover in any given year to be significantly reduced by unexpected expenditures suggests that the carryover should be treated as one-time money and as such should not be applied to the operating budget. Instead, any annual budget carryover is preferably applied to one-time costs such as capital needs. This will require current revenues to match current expenditure without reliance on carry-over fund balance. This is a key element in creating financial sustainability. Given the current economic conditions, it may take several years to achieve equilibrium between revenues and expenditures and subsequently provide a regular source of funding for the Town’s CIP. We are recommending that, as we work through the current economic downturn, we keep these goals in mind.

Transit Fund

The adopted budget for the Transit Fund includes a 2.4% increase over last year’s budget. This increase is due in part to the increases in administrative and non-departmental costs. Overall operating costs for fixed route bus service is down 4.7%, due in part to the use of a fixed price fuel contract to lock in prices at a level far below the current year’s average price. State assistance is expected to decrease by 18.2%. This loss, however, is more than made up for by an increase in federal assistance and the anticipated receipt of Recovery Act (Stimulus) funds. Significant challenges lie ahead in FY 2010/11 as the continued availability of stimulus funds is not guaranteed. We need to pursue strategies for reducing costs and/or seeking alternative sources of funding to ensure the long-term

stability of the system. In order to mitigate these challenges and to operate a more cost effective system, Chapel Hill Transit staff will:

- Evaluate individual route performance and introduce efficiencies as part of the short range planning process
- Identify additional funding options
- Develop short range operating and capital plans to identify future system needs

Conclusion

While the current year's budget took several important steps toward correcting the structural imbalance between revenues and expenditures, the FY2009-10 budget is focused on mitigating the impacts of the worst economy since the Great Depression while maintaining service at the highest possible level. The budget as presented is balanced using the revenue neutral tax rate, but this was not possible without some difficult decisions. Postponing the Library expansion, reducing the CIP despite growing capital needs, foregoing employee salary increases and holding departmental budgets to the same level as the current year's adopted budget were decisions that we would have preferred not to make. These decisions were made based on sound financial principals and have allowed us to keep the core elements of our budget intact, including: maintaining service levels at or near current levels, continued funding of performance agreements with outside agencies, maintaining salaries and benefits for employees, and maintenance of key public assets.

I look forward to working with the Council and staff to refine our strategic focus for the future.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'R. Stancil', with a large, sweeping flourish extending to the left.

Roger L. Stancil

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, 2009 through June 30, 2010.

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 transportation, 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 2009-10.

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 2009-10 by July 1.

CITIZENS' GUIDE TO REVIEWING THE BUDGET

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

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

Financial Management Principles

The adopted budget is based on financial management principles including:

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

when revenues are less than the cost of providing services, and so that the Town will have a reserve for any major unexpected costs or revenue fluctuations between budget years. The Town's objective is to have a General Fund balance of at least 12% of the General Fund budget for cash flow purposes in accord with State guidelines, and additional amounts for unforeseen circumstances and emergencies.

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

CITIZENS' GUIDE TO REVIEWING THE BUDGET

State law to finance capital projects which will benefit the community for a long period and which should therefore be paid for over a long period.

Budget Process

The Mayor and Council's process and schedule for developing the 2009-10 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

CITIZENS' GUIDE TO REVIEWING THE BUDGET

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

◆ Budget Summary

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

- 2007-08 Actual
- 2008-09 Original Budget
- 2008-09 Revised Budget
- 2008-09 Estimated
- 2009-10 Adopted Budget
- % Change from 2008-09 Original Budget

A reader's guide entitled "Budget Format—The Basics" follows.

In addition to the material described above, the adopted 2009-10 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

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

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
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%

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

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).

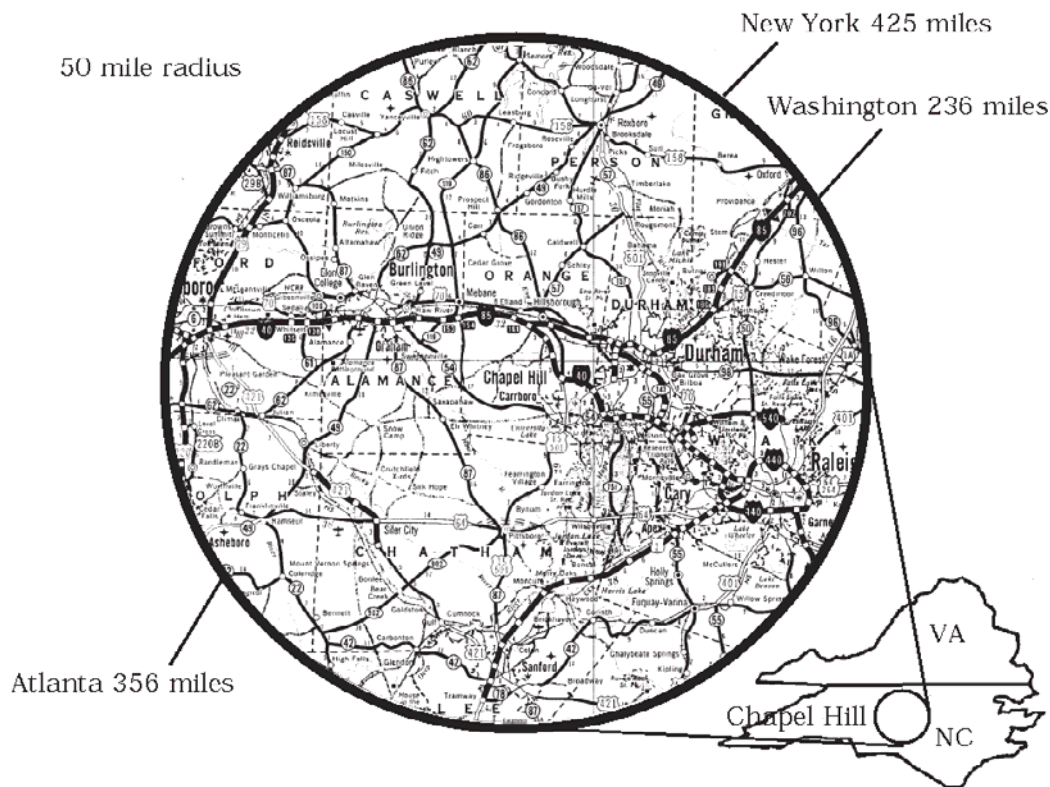
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	730,933	776,437	821,349	846,228	770,013	-0.8%
Grants	-	-	-	-	-	N/A
Charges for Services	11,678	10,800	10,800	11,800	11,800	9.3%
Licenses/Permits/Fines	90,594	85,000	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%

These revenues are directly related to departmental functions.

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 54,904 according to the latest estimate issued by the State of North Carolina for July 2007. 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 27.2 square mile area that includes the corporate limits and a 6.1 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 28,567 in 2008-09. 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

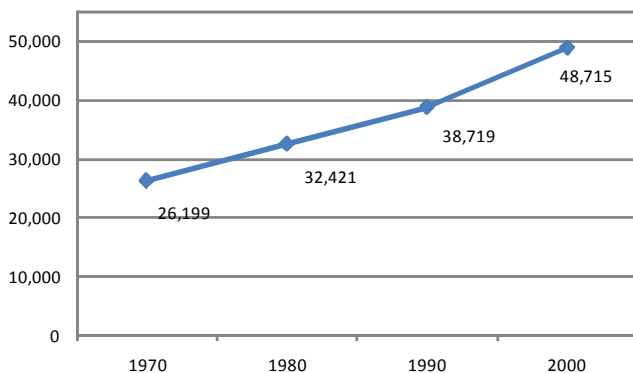
POPULATION GROWTH AND CHARACTERISTICS

Population Growth

Chapel Hill’s population increased by over 15,000 since the 1990 Census, totaling 48,715 in the 2000 Census. Figure 1 shows the Town’s population growth from 1970 to 2000. The 10-year growth from 1990 to 2000 amounts to 25.8 percent, about 5 percent less than the County, and 2.5 percent less than the 21.4 percent statewide population growth.

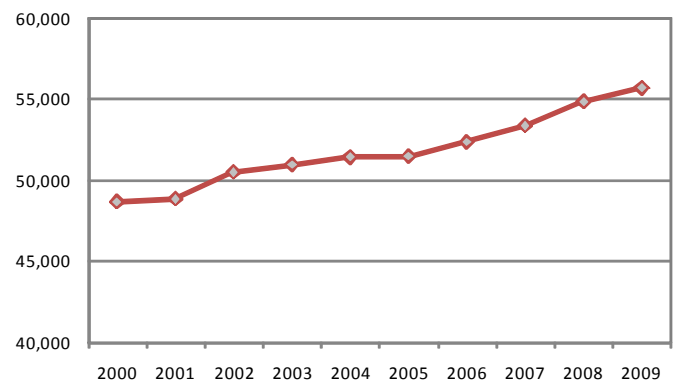
Figure 2 shows the Town’s growth since the 2000 Census. The Town’s population in 2009 is estimated at approximately 55,729.

Figure 1. Chapel Hill Population: 1970-2000



Source: US Census Bureau, 2000

Figure 2. Chapel Hill Population: 2000-2009



Source: Town of Chapel Hill Planning Department

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

Table 1. Chapel Hill Population by County

County	Chapel Hill Population
Durham County	2,236
Orange County	52,668
TOTAL	54,904

Source: NC Office of State Budget and Management, 2007

Racial Makeup, Hispanic Population Growth

A demographic shift in the 2000 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. In September 2003, the US Census Bureau issued an amended 2000 Census count for the Town of Chapel Hill. Table 2 depicts the amended 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 and African American persons as a share of the Town’s total population declined from 1990 to 2000, although the total numbers for both groups are higher. People who identified themselves as being of more than one race totaled just over 900 in Chapel Hill, or 1.9 percent of the Town’s total population.

Table 2: Chapel Hill Population by Race & Origin

Race/Origin	2000	%
White	37,973	77.9%
Black	5,565	11.4%
Am. Indian, Eskimo, Aleut	203	0.4%
Asian & Pacific Islander	3,509	7.2%
Other	1,465	3.0%
Total	48,715	100.0%
Hispanic Origin (any race)	1,564	3.2%

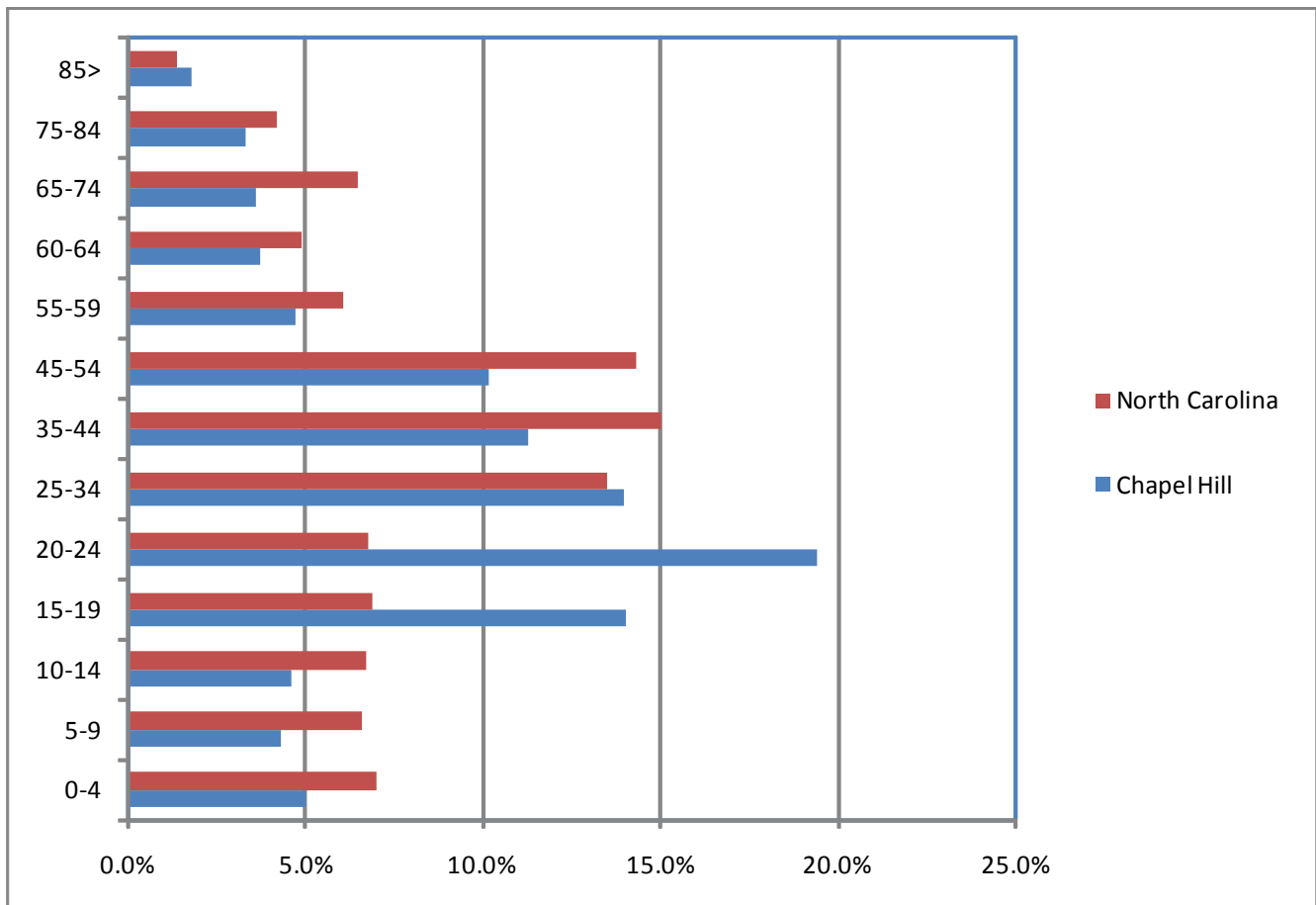
Source: US Census Bureau, 2000

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 14 percent of the Town’s population, while the 20 to 24 age group comprises 19.4 percent. As a comparison, the 20 to 24 age group represents 6.8 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 26.7 years old, while North Carolina’s median age is 36.6.



Source 2005-2007 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 2005-2007 American Community Survey 3-Year Estimates. The data is produced and disseminated by the US Census Bureau's Population Estimates Program.

Table 3: Household, Family and Per-Capita Income

	Chapel Hill		Orange County	
	<u>Household Income</u>	<u>Family Income</u>	<u>Household Income</u>	<u>Family Income</u>
Less than \$10,000	3,023	487	5,314	1,321
\$10,000 to \$14,999	922	121	2,369	543
\$15,000 to \$24,999	2,885	1,054	5,163	2,123
\$25,000 to \$34,999	1,881	654	5,286	2,279
\$35,000 to \$49,999	2,051	945	6,777	3,454
\$50,000 to \$74,999	2,734	1,250	7,159	4,123
\$75,000 to \$99,999	1,463	1,044	4,688	3,792
\$100,000 to \$149,999	2,370	1,789	5,752	4,715
\$150,000 to \$199,999	1,323	1,094	2,539	2,158
\$200,000 or more	2,309	1,979	3,885	3,460
Total Households/Families	20,961	10,417	48,932	27,998
Median Income	\$47,424	\$91,049	\$48,926	\$76,089
Mean Income	\$86,749	\$128,868	\$79,150	\$105,773
Per Capita Income	-	\$34,486	-	\$32,431

	North Carolina	
	<u>Household Income</u>	<u>Family Income</u>
Less than \$10,000	312,035	122,217
\$10,000 to \$14,999	231,028	95,390
\$15,000 to \$24,999	435,905	237,394
\$25,000 to \$34,999	422,153	257,707
\$35,000 to \$49,999	539,867	360,783
\$50,000 to \$74,999	650,715	494,479
\$75,000 to \$99,999	378,714	316,196
\$100,000 to \$149,999	314,129	274,214
\$150,000 to \$199,999	96,078	84,406
\$200,000 or more	91,127	79,738
Total Households/Families	3,471,751	2,322,524
Median Income	\$43,867	\$53,770
Mean Income	\$59,141	\$69,301
Per Capita Income	-	\$23,767

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	2.0%	4.0%	6.5%
9th to 12th, No Diploma	2.9%	6.8%	11.3%
High School Graduate	8.3%	18.1%	29.6%
Some College, No Degree	7.5%	10.8%	19.4%
Associate's Degree	3.6%	6.1%	8.1%
Bachelor's Degree	29.4%	24.9%	16.8%
Graduate or Professional Degree	46.4%	29.2%	8.3%

Table 5: School Enrollment

<u>School Enrollment</u>	<u>Chapel Hill</u>	<u>Orange County</u>	<u>North Carolina</u>
Nursury School, preschool	496	1,875	141,039
Kindergarten	372	1,058	118,269
Elementary (grades 1-8)	4,032	9,992	949,473
High School (grades 9-12)	2,339	6,100	487,220
College or graduate school	17,491	24,314	601,019
Total	24,730	43,339	2,297,020

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

ADDITIONAL DEMOGRAPHIC INFORMATION

Table 6: Unemployment Rates

<u>Regional Average Unemployment Rates 2000-2009</u>			
Year	Chapel Hill	Orange Co.	NC
2000	1.2%	2.5%	3.7%
2001	1.8%	3.5%	5.6%
2002	4.3%	4.3%	6.6%
2003	4.3%	4.3%	6.5%
2004	3.8%	3.8%	5.5%
2005	3.1%	3.7%	5.3%
2006	2.9%	3.3%	4.8%
2007	2.9%	3.2%	4.7%
2008	3.5%	4.0%	6.3%
2009*	4.5%	5.8%	10.7%

*2009 rates based on monthly averages through April.

Source: N.C. Employment Security Commission, U.S. Bureau of Labor Statistics, Labor Market Division

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7: Economic Rankings

<u>Orange County Economic Rankings</u>		
	Amount	NC Rank
Average Weekly Earnings (1st Qtr 2006)	\$767	4
Per Capita Personal Income (2004)	\$35,191	4
Orange Co. Median Household Income	\$74,623	6
Chapel Hill Median Family Income	\$92,106	
Taxable Sales (August 2006)	\$83,518,086	
Taxable Sales (FY 05-06)	\$907,564,731	

Source: Chapel Hill Planning Department 2007 Data Book

Table 8: Top Employers

<u>Orange Co. Top 10 Employers By Size</u>	
Employer	Number of Employees
UNC (2005)	11,036
UNC Hospitals (2005)	6,475
Chapel Hill-Carrboro Schools	2,618
Blue Cross Blue Shield of N.C.	1,373
Orange Co. Schools	1,253
Orange Co. Government	740
Town of Chapel Hill (2006)	676
General Electric Co., Inc.	525
Harris Teeter, Inc.	522
Sports Endeavors, Inc.	434

Source: Chapel Hill Planning Department 2007 Data Book

CHAPEL HILL – MAJOR ECONOMIC DEVELOPMENT

Carolina North

The University of North Carolina at Chapel Hill is developing a satellite campus on the Horace Williams Tract, which is located north of Estes Drive and west of Martin Luther King Jr. Boulevard. Named Carolina North, the satellite campus is proposed to cover approximately 250 acres of the Horace Williams Tract's 1,000 acres and would be built in phases over the next 50 years.

The Town Council and members of the Board of Trustees are working toward the approval of a new zoning district and a development agreement effective July 2009. The development agreement will include specific limitations and detailed conditions of approval that would protect the Town's interests, while also offering certainty to the University regarding what type of development can occur.

When the Council and the University trustees came together for discussions regarding Carolina North, they established key principles for the process. These principles outline their commitment to public participation, calling for multiple opportunities for meaningful public participation and discussion at all phases of the process. Their intent is to provide for open, transparent negotiations and decision-making.

Other Development

At least two major mixed-use developments are currently under construction in Chapel Hill: East 54, located on Raleigh Road in the former site of the old University Inn, and Greenbridge, located between W. Rosemary and W. Franklin Streets. Both East 54 and Greenbridge are LEED (Leadership in Energy and Environmental Design) certified developments featuring luxury condos, shops, dining and entertainment.

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, E-Z Rider and Shared Ride 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, and Project Turnaround; Chapel Hill provides grants to Orange County for Senior Center, Economic Development Commission, 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 and Shared Ride 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	Vehicle use fees and contributions from the Transportation 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; transfer from General Fund
Housing Loan Trust Fund	Loan programs for the purchase and renovations of homes for lower income families	Second mortgage payments and interest 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	Sales tax and transfer from General Fund
OTHER FUNDS		
<u>Special Revenue Funds</u>		
Grants Fund	Miscellaneous grants	Federal and State Grants
Cablevision Public Access Fund	Programming for public cable access	Cable user fees
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 VARIANCES

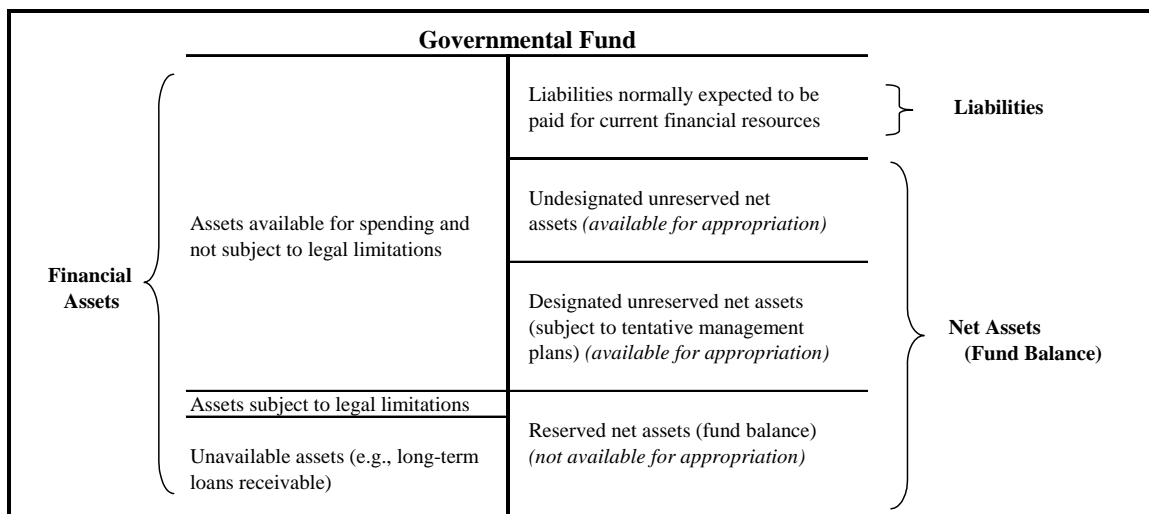
Fund balance (net assets) is basically the accumulated difference between revenues received and expenditures at the end of the previous year. Part of the balance may be reserved or designated for specific purposes. A portion of fund balance is reserved for specific purposes required by North Carolina statute and is not available for appropriation. The remaining amount is unreserved, undesignated fund balance.

A part of undesignated, unreserved fund balance is intended to meet the cashflow and working capital needs of the Town in accordance with reserve recommendations of the North Carolina Local Government Commission, and part of the balance is retained to meet Town reserve policies. The remaining balance is available to be used for additional appropriation in the subsequent year’s budget. 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.

Town practices with regard to net assets include the following:

- The Town seeks to continue to maintain a financial reserve minimum of 12% of their unrestricted net assets consistent with the recommendations of the North Carolina Local Government Commission. The reserve is for cash flow, emergencies and opportunities.

- The Town seeks to maintain a level of net assets which is appropriate to retain its high bond ratings: Moody’s Investor Service—AAA and Standard and Poor’s—AAA. Bonding agencies use the percentage of unrestricted net assets as a key indicator when assessing the Town’s creditworthiness.



DEBT

INTRODUCTION & BACKGROUND

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

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

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

ESSENTIALS

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

State statutes only allow debt issuance for capital expenditures.

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

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

General Obligation Bonds

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

DEBT

INTRODUCTION & BACKGROUND

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

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

Two-thirds GO Bonds

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

Revenue Bonds

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

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

Installment Contract Financing

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

DEBT

INTRODUCTION & BACKGROUND

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

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

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

Certificates of Participation

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

Additional Debt Information

Please refer to page 171 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 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.

It should be noted that this year's capital program is abbreviated and reflects projects to be completed within the next five years. Funding for the 2009-10 capital program decreased from previous years as a result of anticipated revenue constraints. Please refer to the Capital Program section (page 239) 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 (Transportation, 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 transportation 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 Transportation, 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, the Cable Public Access 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's 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.

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 Transportation 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.

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.

OVERVIEW OF BUDGET PROCESS

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.

Following the initial public forum, the Council holds budget work sessions in March with each of the Town’s appointed advisory boards and commissions to receive input on budgetary and policy issues for the coming year.

In March, each Departmental Budget Request is reviewed in detail with the Manager, Deputy Manager, Assistant Manager, Finance Officer and Human Resource Development Director 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 March, 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 March and April 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 March and early April, 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, comparing them against spending patterns, and recommending corrective action to be taken during the year. Additionally, detailed financial records are maintained to evaluate actual revenues and expenditures against the budget.

Budget Amendments

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

OVERVIEW OF BUDGET PROCESS

Budget Roles and Responsibilities

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

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

Budgeting for the Capital Program

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

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

BUDGET GUIDELINES & PRACTICES

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

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

BUDGET GUIDELINES & PRACTICES

General Obligation Bonds will be issued to finance capital improvements and equipment at moderate levels that will not exceed the Town’s resources and capacity for repaying the debt.

General Obligation bonds are normally issued to finance capital improvements as desired by the Town Council and Town citizens at levels that maintain financial stability and require moderate and stable tax rate increases. Consistent with this guideline, the Town strives to maintain annual debt service payments totaling less than 10% of General Fund expenditures in a given year. This conservative guideline assists the Town in maintaining its Triple A (AAA) bond rating.

CAPITAL EXPENDITURES

Guideline	Comment
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.	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.
Capital projects financed through the issuance of bonds are financed for a period not to exceed the expected useful life of the project.	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.
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.	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.

BUDGET GUIDELINES & PRACTICES

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

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

NET ASSET (FUND BALANCE) RESERVES

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

BUDGET GUIDELINES & PRACTICES

FINANCIAL REPORTING	
Guideline	Comment
<p>The Town’s accounting and financial reporting systems will be maintained in conformance with current generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).</p>	<p>The Town participates in the accounting and budgeting awards programs of the association, receiving the Certificate of Excellence and Distinguished Budget Award in 2008-09 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 2009-10 budget include the expected continued economic recession and its affect on local revenues, anticipated slower growth in the State and Orange County economies, and the indirect effect of funding and growth decisions of the University of North Carolina at Chapel Hill. Federal budget decisions also have a major effect on the Chapel Hill budget, particularly in the areas of transportation and housing.

The 2009-10 budget incorporates the following assumptions:

- We anticipate a slow recovery starting in the second half of FY 2010.
- The property tax base is estimated to increase to \$6.93 billion in 2009-10.
- We estimate that the Town's revenue from the local sales taxes will continue to decrease in FY 2010.
- State operating assistance for the Transit Fund will decline for FY 2010 as the state struggles with the impact of the recession. However, federal assistance in the form of public transportation investments is expected to increase for FY 2010 as part of the federal economic stimulus initiative.

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 2009-10 for the Town's General Fund, Transit Fund and Debt Service Fund. A summary schedule is provided for each fund identifying differences between the projected revenues and costs in each year.

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

Capital Programs and Related Debt Service

The Council authorized the sale of the first two issuances of the \$29.36 million of General Obligation bonds approved by voters in November 2003: \$4 million in 2004-05 and \$4.95 million in 2006-07. The sale originally scheduled for FY2008-09 has been rescheduled for FY2009-10 due to turmoil in the debt markets caused by the global economic crisis and concerns about revenue shortfalls resulting from the ongoing recession. The balance of the authorized general obligation debt scheduled to be sold in spring of 2010 includes the following:

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

In addition, the Council has approved a plan to borrow funds totaling between \$7 million and \$8 million to pay for underground parking on the current Parking Lot 5 as part of a mixed use development. We currently project that the first debt service payment of about \$770,000, or 1.1 cents on the tax rate, would come due in 2011-12.

We show the full debt service for each issuance beginning in the year following the year of the borrowing. The full year cost of the new debt issued in 2009-10 would be approximately \$2,142,550 or 3.1378 cents on the current tax rate.

While the Town has historically had low debt as a percentage of budgeted expenditures, recent borrowings have significantly increased the Town's debt load. Although the Town's measures of debt capacity, including debt per capita and debt as a percent of assessed value, are close to the average for our peer group (Triple A rated Municipalities), measures of affordability present a

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

different picture. The Town has traditionally tried to keep debt service below 10% of budgeted expenditures, however with the recent investment in public facilities this ratio has risen to 11.5%. The increase in debt service as a percent of budget in excess of the 10% target was an anticipated result of the financing of the Town Operations Center project. 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. By doing this, debt service costs now have a dedicated revenue source, whereas previously debt service costs competed with other priorities for General Fund revenues. Maintaining affordable levels of debt are an important factor in retaining the Town's current AAA ratings. Although the 2009-10 budget does not meet the goal of limiting debt service to 10% of the budget, based on current projections debt service (including installment debt) will be 11.1% of budget in 2009-10, which is a slight improvement from the current ratio.

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 withholding of State-shared revenues.

The main points included in the revenue and cost projections for the General Fund, Transit Fund and the Debt Service Fund are summarized on the following pages. The differences between revenues and expenditures are expressed as tax rate equivalents. As the budget increases, the amount of reserved fund balance needs to increase proportionally to retain fund balance reserves at a minimum of 12% of the budget. The gap between revenues and costs could be closed by service reductions, revenue enhancements, tax rate adjustments, or any combination of these options.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

GENERAL FUND

Revenues

The most important revenue sources for General Fund operations continue to be property taxes and sales tax revenues that, combined, comprise about 68% of total General Fund revenues. The growth in property tax revenues has decreased in the past few years and it is anticipated that growth will be minimal during the current recessionary period. The estimate of assessed valuation for the tax base in 2009-10 is about \$6.96 billion. This amount is the result of a revaluation that goes into effect for the FY2009-10 Budget Year. The estimated real property portion of the tax value increased by approximately 24% and the motor vehicle and personal property valuations are expected to decrease by about 10%. The Council has indicated the intention to establish a revenue neutral tax rate for the FY2009-10 Budget.

Estimated growth in assessed valuation over the next five years will be about 1.8% annually. The tax levy projections assume that the General Fund tax rate will continue to be split with the Debt Service Fund. The split will allocate 9.3 cents of the 2009-10 General Fund tax rate to the Debt Service Fund for payment of annual debt service.

Two factors may affect our ability to project and collect property taxes in the future. The first relates to Orange County's tax system. The Town relies on Orange County to assess and record most property tax. (A small portion is collected by Durham County for the citizens that reside in Chapel Hill and Durham County.) Orange County is in the process of replacing its current collection system. The new system should improve our ability to analyze data, but will also require the Town to pay an additional subsidy to pay for a portion of the system installation and maintenance. The second relates to the change in State law that moves the responsibility for motor vehicle tax collection from the County to the State, beginning on January 1, 2009. Orange County has been efficient and effective in collecting motor vehicle taxes. The collection rate and charges for the service may change once the State assumes the responsibility of collecting motor vehicle taxes.

Estimated additions to the tax base, at a tax rate for 2009-10 of 36.0 cents for the General Fund, would yield increases in property tax revenues of about \$450,000 each year. Projections do not include the potential impacts of general property revaluations scheduled to occur for fiscal year 2014 and every four years thereafter.

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 may actually decrease, when the economy is slow. During the current recessionary economy we have reduced our estimates of sales tax revenues by \$644,000 in the current year and we have estimated a further decrease of \$319,000 in FY2009-10. Based on forecasts of a slow economic recovery, we are projecting sales taxes to recover to pre-FY2008-09 levels by FY2011-12 with the point of sale portion of sales taxes recovering faster than the portion distributed based on population that more closely mirrors the state economy.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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 \$3.3 million in 2009-10). We are projecting an increase of 2% per year over the next 5 years for utility franchise taxes. State-shared revenues also include revenue from fuel tax funds for street maintenance (about \$1.45 million in 2009-10) with no projected growth over the next five years, and the beer and wine tax (about \$246,000 in 2009-10) with no growth anticipated over the next five years.

We assume continuation of State Fire Protection funds at the level received in 2008-09, \$1,210,000. 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.

Operating and Capital Improvement Costs

Projected costs for general operations are based on a continuation of current service levels and programs for 2009-10 with the exception of provisions for the operational costs associated with the new Aquatics Center that opened for business in the second quarter of 2008-09. Personnel and operating costs are based on assumptions as noted on the attached tables. The projections also include estimated contributions required to provide needed capital maintenance for future years. For FY2009-10 the amount of capital funding is reduced by \$358,000 in order to compensate for the loss of revenues due to economic conditions. We anticipate that funding levels will return to established levels in FY2010-11 and will remain at approximately \$1.0 million. While the project requests reflected in the capital plan are usually in excess of the projected available amounts, the funding demonstrates a commitment to maintaining and renovating Town properties.

For FY2009-10, we have estimated changes in personnel costs, including salaries and benefits, totaling 0% and 17% respectively, and increased operations costs totaling 3% annually. In subsequent years we are projecting cost increases returning to historical levels with annual salary, benefits and total costs increasing 3%, 10% and 3% respectively.

Our analysis indicates projected costs for basic operations and the proposed additions to operations would exceed revenues in each of the next five years. However, as we come closer to the actual projected years, we may 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.

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

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

TRANSIT FUND

The budget for 2009-10 assumes the continuation of fare-free transit services as well as the continuation of the cost-sharing arrangement with the University of North Carolina and Carrboro. State operating assistance is declining for FY2009-10 as the state struggles with the impact of the recession. Federal assistance is increasing for FY2009-10 as the Federal Government increases public transportation investments as part of the economic stimulus initiative. No provision is included for expansion of service levels or additional routes. We are projecting a revenue neutral tax rate split of 4.1 cents to the Transit Fund. Despite the short-term impact of stimulus funding, concerns regarding the adequacy of revenues to cover costs in future years remains. The adopted 2009-10 budget is balanced with a revenue neutral tax rate at 4.1 cents, however subsequent years show the need for a tax increase of approximately 0.6 to 0.3 cents each year through 2013-14.

DEBT SERVICE FUND

A key component of the adopted budget for 2009-10 was the allocation of 11.0 cents of the tax rate from the General Fund to the Debt Service Fund. This funding structure for the Debt Service Fund will continue in FY2009-10 with a revenue neutral tax rate of 9.4 cents dedicated to debt service. Cost projections include debt service on the sale of the remainder of the \$20.41 million in bonds authorized in 2003 and for the \$7 million of anticipated debt related to the Downtown Initiative. With anticipated cost of this new debt starting in FY2010-11 and FY2011-12, our projections indicate no increase needed in the tax rate for debt service for currently planned debt.

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 major 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)

	2009-10 Adopted Change	2010-11 Estimated Increase	2011-12 Estimated Increase	2012-13 Estimated Increase	2013-14 Estimated Increase	2014-15 Estimated Increase
General Fund	0.0	7.1	1.3	1.6	1.8	1.9
Debt Service	0.0	0.0	0.0	0.0	(0.6)	(0.8)
Transportation Fund	0.0	0.6	0.5	0.3	0.3	0.0
Total	0.0	7.7	1.8	1.9	1.5	1.1

The largest concern in the budget projection is the expected imbalance between revenues and expenditures in the General Fund in FY2010-11. In past years fund balance has been available to supplement revenues and eliminate or reduce the need to increase taxes. Due to the drop-off in revenues due to economic factors, the availability of fund balance in future years is less certain.

**GENERAL FUND
PROJECTED TAX BASE
2009/2010 - 2014/2015**

Category	2009-10 Adopted	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Assessed Valuation (Real & Personal Property)	\$ 6,956,950,000	\$ 7,082,180,000	\$ 7,209,660,000	\$ 7,339,430,000	\$ 7,471,540,000	\$ 7,606,030,000
Tax Levy - General Fund Only*	25,072,000	25,637,000	26,099,000	26,569,000	27,047,000	27,534,000
Estimated Collections at 99%	24,821,000	25,380,000	25,840,000	26,300,000	26,780,000	27,260,000
Estimated Prior Year Collections	150,000	150,000	150,000	150,000	150,000	150,000
TOTALS	\$ 24,971,000	\$ 25,530,000	\$ 25,990,000	\$ 26,450,000	\$ 26,930,000	\$ 27,410,000

* Based on adoption of a revenue neutral tax rate of 36.0 cents for the General Fund for FY10, with estimated growth of 1.8% annually. Does not consider the effects of revaluation of real property in future years.

GENERAL FUND
PROJECTED STATE-SHARED REVENUES
2009/2010 - 2014/2015

Category	2009-10 Adopted	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Franchise Tax ¹	\$ 3,290,000	\$ 3,356,000	\$ 3,423,000	\$ 3,491,000	\$ 3,561,000	\$ 3,632,000
Beer, Wine Tax	246,000	246,000	246,000	246,000	246,000	246,000
1% Local Option Sales Tax (Article 39) ²	2,945,000	3,033,000	3,118,000	3,205,000	3,295,000	3,387,000
1/2% Local Option Sales Tax (Article 40) ²	2,090,000	2,299,000	2,437,000	2,486,000	2,536,000	2,587,000
1/2% Local Option Sales Tax (Article 42) ²	2,077,000	2,284,000	2,421,000	2,469,000	2,518,000	2,568,000
1/2% Local Option Sales Tax (Article 44) ²	1,549,000	1,673,000	1,723,000	1,775,000	1,828,000	1,883,000
Total Local Option Sales Taxes	8,661,000	9,289,000	9,699,000	9,935,000	10,177,000	10,425,000
Fuel Tax (Powell Bill)	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
State Fire Protection	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000
TOTAL	\$ 14,857,000	\$ 15,551,000	\$ 16,028,000	\$ 16,332,000	\$ 16,644,000	\$ 16,963,000

¹ Utility franchise tax is impacted by the change in distribution of cable franchise revenues. FY08 was the first year of the change and the full impact is unknown at this time. Revenues estimated to grow at 2% annually.

² Estimate a slow recovery starting in the second half of 2009-10, with sales tax receipts recovering fully over two years. Local components expected to recover before State-wide, and normal slow growth of 2-3% in FY13 and thereafter.

GENERAL FUND
REVENUE PROJECTIONS
2009/2010 - 2014/2015

Category	2009-10 Adopted	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Property Taxes*	\$ 24,971,000	\$ 25,530,000	\$ 25,990,000	\$ 26,450,000	\$ 26,930,000	\$27,410,000
Other Taxes & Licenses	990,000	1,015,000	1,040,000	1,065,000	1,090,000	1,115,000
Licenses/Permits/Fines/ Forfeitures	1,812,000	1,812,000	1,812,000	1,822,000	1,852,000	1,912,000
State-Shared Revenues	14,857,000	15,551,000	16,028,000	16,332,000	16,644,000	16,963,000
Grants	372,000	372,000	372,000	372,000	372,000	372,000
Service Charges	1,736,000	1,771,000	1,831,000	1,916,000	1,926,000	1,936,000
Interest on Investments	100,000	100,000	100,000	100,000	100,000	100,000
Other Revenues	412,000	412,000	412,000	412,000	412,000	412,000
Interfund Transfers	1,432,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
TOTAL	\$ 46,682,000	\$ 47,963,000	\$ 48,985,000	\$ 49,869,000	\$ 50,726,000	\$51,620,000

* Based on continuation of revenue neutral tax rate of 36.0 cents for the General Fund through 2014-15.

**GENERAL FUND
PROJECTED COSTS
2009/2010 - 2014/2015**

	2009-10 Adopted	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Personnel Services ¹	\$ 34,745,000	\$ 37,614,000	\$ 39,090,000	\$ 40,645,000	\$ 42,289,000	\$ 44,026,000
Operations						
Operating & Maintenance ²	13,462,000	13,865,000	14,281,000	14,709,000	15,150,000	15,605,000
Capital						
Equipment ³	92,000	92,000	92,000	92,000	92,000	92,000
Transfer to Capital						
Improvements Program ⁴	305,000	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	812,000	812,000	812,000	812,000	812,000	812,000
Other Post Employment Benefits	400,000	400,000	400,000	400,000	400,000	400,000
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/						
TOTALS	\$ 49,816,000	\$ 53,783,000	\$ 55,675,000	\$ 57,658,000	\$ 59,743,000	\$ 61,935,000

Assumptions for years after 2010, reflected on base cost estimates for 2009-10:

¹ Increase of 3% in salaries, 10% in medical and 33% over current year for retirement beginning in FY11.

² Increase in operating costs of 3% annually.

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 2009/2010 - 2014/2015

	2009-10 Adopted	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Estimated Total Costs	\$ 49,816,000	\$53,783,000	\$ 55,675,000	\$ 57,658,000	\$59,743,000	\$61,935,000
Estimated Total Revenues	46,682,000	47,853,000	48,865,000	49,759,000	50,606,000	51,500,000
Revenues Needed	3,134,000	5,930,000	6,810,000	7,899,000	9,137,000	10,435,000
Fund Balance Available	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,001
One-time use of Fund Balance	2,134,000	-	-	-	-	-
Additional Revenue Needed/ (Available)	\$ -	\$ 4,930,000	\$ 5,810,000	\$ 6,899,000	\$ 8,137,000	\$ 9,434,999
Change in Tax Rate in cents in Specific Years*	-	7.2	1.3	1.6	1.8	1.9

*Value of a cent = \$685,000

TRANSIT FUND
REVENUE PROJECTIONS
2009/2010 - 2014/2015

	2009-10 Adopted	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Taxes ¹	\$ 2,810,000	\$ 2,861,000	\$ 2,912,000	\$ 2,964,000	\$ 3,017,000	\$ 3,071,000
Vehicle Taxes ²	398,000	432,000	436,000	440,000	444,000	448,000
Federal Operating Assistance ³	2,390,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Other Federal Grants ⁴	500,000	500,000	-	-	-	-
State Operating Assistance ³	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000	2,900,000
UNC Contract (Net) ⁵	5,957,000	5,968,000	5,979,000	5,990,000	6,001,000	6,012,000
Carrboro Contract (Net) ⁵	1,033,000	1,035,000	1,037,000	1,039,000	1,041,000	1,043,000
Service Charges ⁶	624,000	644,000	664,000	684,000	704,000	724,000
Other ⁴	25,000	25,000	25,000	25,000	25,000	25,000
Fund Balance	-	-	-	-	-	-
TOTAL	\$ 16,637,000	\$ 16,465,000	\$ 16,053,000	\$ 16,142,000	\$ 16,232,000	\$ 16,323,000

Revenue Notes:

¹ Based on the revenue neutral tax rate of 4.1 cents through 2014-15.

² Assumes levy of \$15 vehicle tax for Transit (increased from \$5 in 2009-10).

³ Assumes continuing constant level of State Operating Assistance and Federal Assistance after stimulus funding runs out.

⁴ Includes stimulus funding in 2009-10 and 2010-11.

⁵ Assumes continued participation by the University and Carrboro at an annual growth rate of 1.8%, including assumptions on cost sharing for adopted fare-free services. (Amounts net of federal and State rebates for operating assistance.)

⁶ Based on continuing fare-free services, with remaining service charge revenue generated primarily by Tarheel Express.

TRANSIT FUND
COST PROJECTIONS
2009/2010 - 2014/2015

	2009-10 Adopted	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Personnel Services ¹	\$ 10,878,000	\$ 11,783,000	\$ 12,244,000	\$ 12,720,000	\$ 13,234,000	\$ 13,768,000
Operations ²	5,583,000	5,750,000	5,923,000	6,101,000	6,284,000	6,473,000
Capital Reserve Fund ³	176,000	300,000	300,000	300,000	300,000	300,000
TOTAL	\$ 16,637,000	\$ 17,833,000	\$ 18,467,000	\$ 19,121,000	\$ 19,818,000	\$ 20,541,000

Assumptions for years after 2009-10:

¹ Increase of 3% in salaries, 10% in medical and 33% over current year for retirement beginning in FY11.
 Assumes increases of about 10% annually in medical insurance.

² Increase in operating costs of 3% annually.

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
2009/2010 - 2014/15***

	2009-10 Estimated	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Estimated Costs	\$16,637,000	\$17,833,000	\$18,467,000	\$19,121,000	\$19,818,000	\$19,818,000
Estimated Revenues	16,637,000	16,465,000	16,053,000	16,142,000	16,232,000	16,323,000
Revenue Needed/(Excess)	-	1,368,000	2,414,000	2,979,000	3,586,000	3,495,000
Fund Balance Available	-	-	-	-	-	-
Additional Revenue Needed	\$ -	\$ 1,368,000	\$ 2,414,000	\$ 2,979,000	\$ 3,586,000	\$ 3,495,000
Change in Tax Rate in Specific Years	-	0.7	0.5	0.3	0.3	(0.0)

1 cent on the tax rate = \$685,000

Assumptions on future revenues and costs:

- Same revenue sources as available in 2009-10 (assumes current level of State funding for operating assistance).
 - Assumes constant level of federal operating assistance after stimulus funding ends.
 - Same personnel as adopted for 2009-10; same routes and service levels as 2009-10.
 - Includes estimated adjustments of 3% in salaries and 10% in benefits starting FY2010-11.
 - Includes estimated adjustments of 3% in operating costs.
 - Includes normal local matching capital contributions for future bus replacement.
 - Assumes the Town of Chapel Hill's portion of increased system costs will remain constant.
-

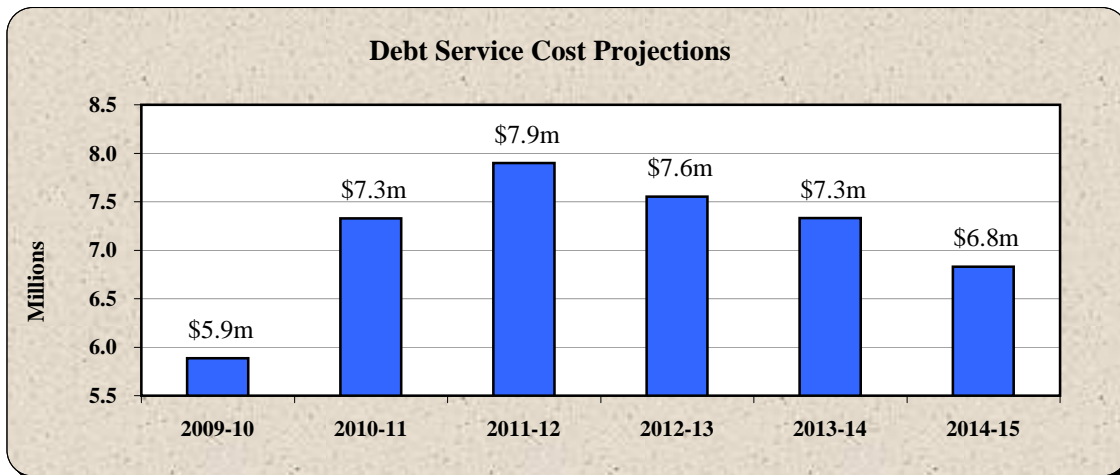
***DEBT SERVICE FUND
PROJECTED TAX BASE
2009/2010 - 2014/2015***

Category	2009-10 Adopted	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Assessed Valuation (Real & Personal Property)	\$6,956,950,000	\$ 7,082,180,000	\$7,209,660,000	\$ 7,339,430,000	\$ 7,471,540,000	\$ 7,606,030,000
Tax Levy* - Debt Service Fund Only at 9.3¢/100	6,505,000	6,657,000	6,777,000	6,899,000	7,023,000	7,150,000
Estimated Collections at 99%	6,440,000	6,590,000	6,710,000	6,830,000	6,950,000	7,080,000
Estimated Prior Year Collections	-	-	-	-	-	-
TOTALS	\$ 6,440,000	\$ 6,590,000	\$ 6,710,000	\$ 6,830,000	\$ 6,950,000	\$ 7,080,000

* Based on a revenue neutral tax rate of 9.4 cents for the Debt Fund through 2014-15, with estimated growth of 1.8% annually. Does not consider the effects of revaluation of real property in future years.

**DEBT SERVICE FUND
PROJECTED COSTS
2009/2010 - 2014/2015**

	2009-10 Adopted	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Existing Debt	\$ 5,236,000	\$ 4,557,000	\$ 4,432,000	\$ 4,300,000	\$ 4,168,000	\$ 3,840,000
Debt Transferred from CIP Fund	649,000	630,000	610,000	472,000	458,000	340,000
New General Obligation Debt Service - 2009-10 Issue (\$20,410,000)	-	2,142,550	2,086,450	2,030,350	1,974,250	1,918,150
New Installment Debt Service - \$7,705,000 Downtown Initiative	-	-	771,000	751,000	732,000	732,000
TOTALS	\$ 5,885,000	\$ 7,329,550	\$ 7,899,450	\$ 7,553,350	\$ 7,332,250	\$ 6,830,150



DEBT SERVICE FUND
ANALYSIS OF REVENUE AND COST PROJECTIONS
2009/2010 - 2014/2015

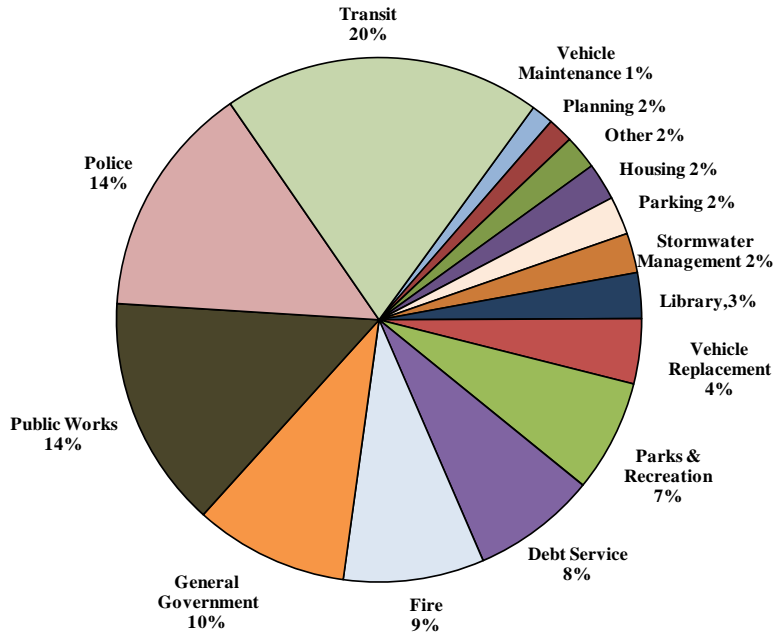
	2009-10 Adopted	2010-11 Estimated	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Estimated Total Costs	\$ 5,885,000	\$7,329,550	\$ 7,899,450	\$ 7,553,350	\$ 7,332,250	\$ 6,830,150
Estimated Total Revenues	6,440,000	6,590,000	6,710,000	6,830,000	7,023,000	7,080,000
Revenues Needed	(555,000)	770,000	1,189,450	723,350	309,250	(249,850)
Fund Balance Available*	-	770,000	1,199,417	751,000	732,000	732,000
Additional Revenue Needed/ (Available)	(555,000)	-	(9,967)	(27,650)	(422,750)	(981,850)
Change in Tax Rate in Specific Years*	0.0	0.0	(0.0)	(0.0)	(0.6)	(0.8)

Value of a cent = \$685,000

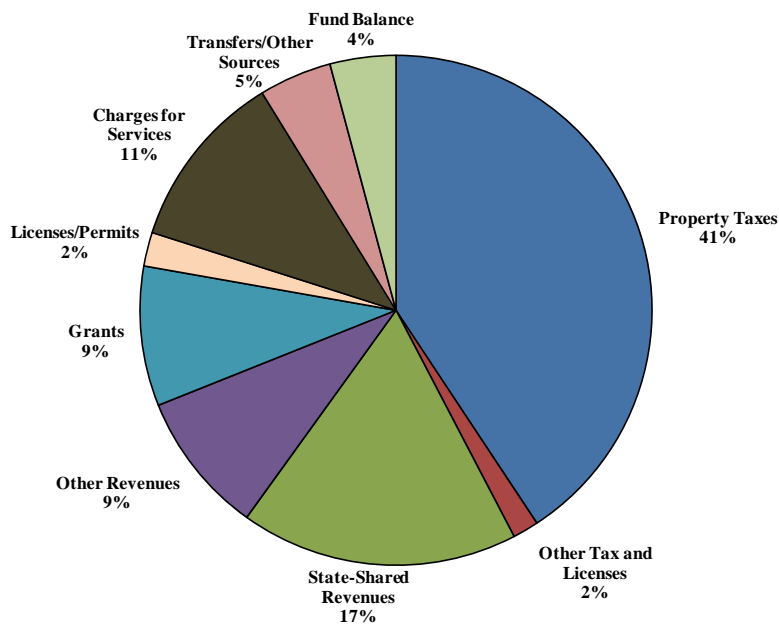
* Includes transfer from Parking Fund to cover debts service for Lot 5 Project.

ALL FUNDS SUMMARY

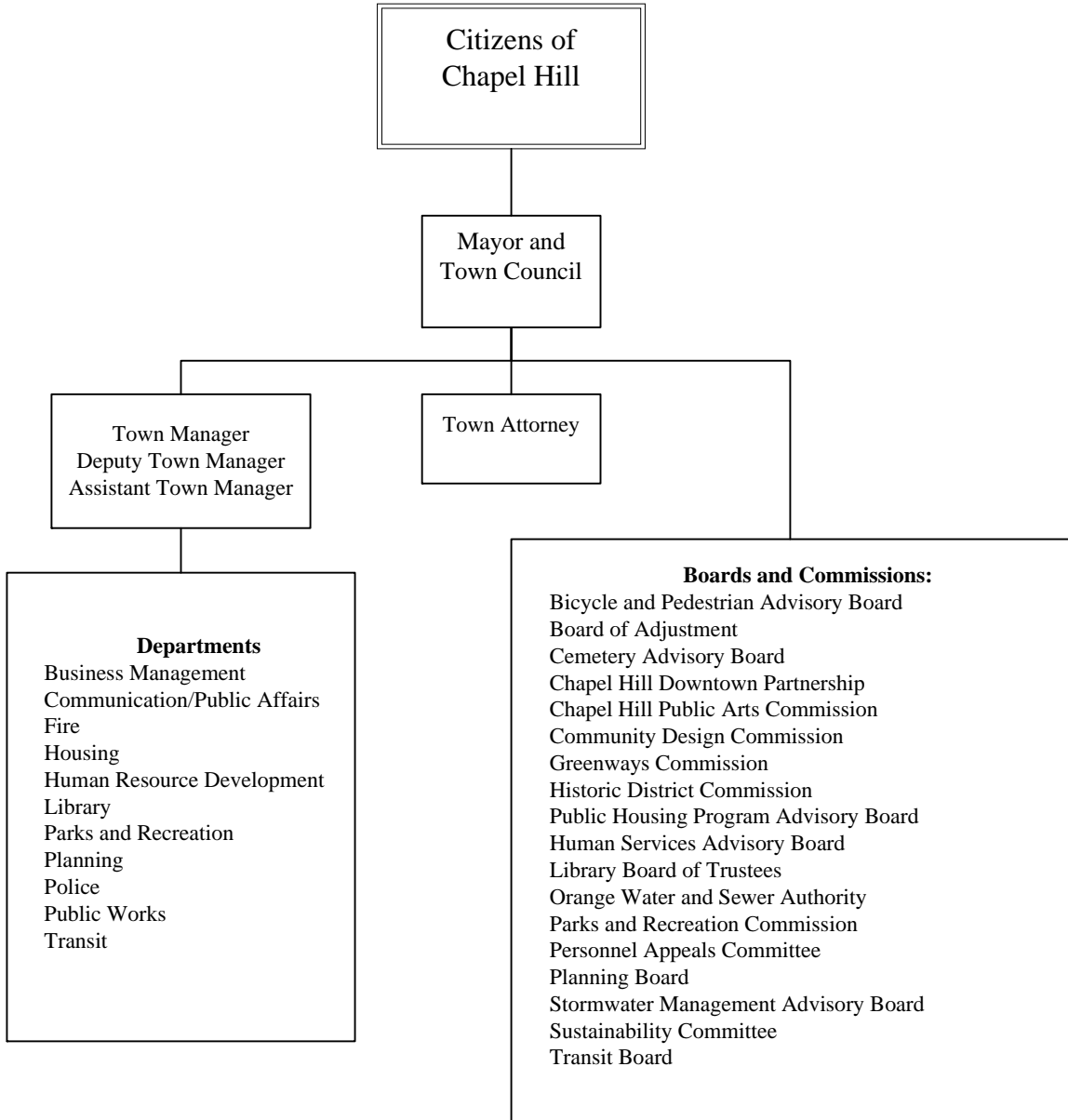
TOTAL BUDGET EXPENDITURES \$84,161,368 (NET OF TRANSFERS)



TOTAL BUDGET REVENUES



TOWN OF CHAPEL HILL ORGANIZATION CHART



***ALL FUNDS
SUMMARY OF APPROPRIATIONS
Adopted Budget 2009-10***

Fund	Appropriations	Less Transfers to Other Funds	Net Appropriations
General Fund	\$ 49,816,000	\$ 839,100	\$ 48,976,900
Transit Funds			
Transit	16,637,238	175,843	16,461,395
Transit Capital Reserve Fund	201,643	174,341	27,302
Stormwater Management Fund	2,053,736	-	2,053,736
Parking Funds			
Off-Street Parking Fund	1,475,780	-	1,475,780
On-Street Parking Fund	650,000	145,434	504,566
Housing Funds			
Public Housing Fund	1,860,441	-	1,860,441
Housing Loan Trust Fund	66,260	-	66,260
Debt Service Fund	6,443,000	-	6,443,000
Capital Projects			
Capital Improvements Fund	749,000	-	749,000
Other Funds			
Grants Fund	551,883	-	551,883
Downtown Service District Fund	214,861	-	214,861
Library Gift Fund	94,000	75,000	19,000
Vehicle Replacement Fund	3,374,200	-	3,374,200
Vehicle Maintenance Fund	-	-	-
Computer Replacement Fund	160,500	-	160,500
TOTAL	\$ 84,348,542	\$ 1,409,718	\$ 82,938,824

ALL FUNDS STAFFING SUMMARY

Personnel costs make up 57.8% of the Town's operating budget. Overall personnel (FTE's) for the 2009-10 adopted budget increased due to adding unfunded positions into the total FTE count.

2009/2010 STAFFING BY DEPARTMENT IN FULL-TIME EQUIVALENTS

<i>DEPARTMENTS</i>	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Mayor	1.00	1.00	1.00
Manager*	6.80	8.80	8.00
Communications & Public Affairs*	7.53	7.53	9.13
Human Resource Development	8.00	8.00	8.00
Business Management	19.53	22.00	22.00
Legal	2.00	2.00	2.00
Planning*	19.56	19.56	21.06
Inspections	9.00	0.00	0.00
Engineering	20.00	20.00	0.00
Public Works*	115.00	87.00	107.75
Police*	142.00	142.00	144.00
Fire*	92.53	92.53	93.53
Parks & Recreation*	22.59	56.79	58.84
Library	29.00	29.20	29.20
Transit*	184.96	184.96	185.98
Stormwater	7.00	14.00	14.00
Parking	12.80	12.80	12.80
Housing	18.00	18.00	18.00
Downtown Service District	1.00	1.00	1.00
Vehicle Maintenance	9.00	9.00	9.25
Total FTE's	727.30	736.17	745.54

See individual department Staffing Summaries for further explanation of staffing changes

*Unfunded Position (Town Manager's Office: Coordinator-Special Projects & Assistant to the Manager; Communications & Public Affairs: Web Systems Administrator; Planning: Assistant Director & Coordinator-Development; Public Works: Project Manager; Police: Administrative Services Supervisor & Police Major; Fire: Emergency Management Planner; Parks & Recreation: Superintendent-Recreation; Transit: Systems Development Planning Manager)

TAX RATES AND TAX COLLECTIONS

Adopted 2009-10

	2007-08 Actual	2008-09 Budget	2008-09 Estimated	2009-10 Adopted
Assessed Value of Real and Personal Property	\$ 5,659,756,385	\$ 5,880,000,000	\$ 5,821,775,000	\$ 6,956,950,000
Tax Rate Per \$100 Valuation				
General Fund	47.4	42.3	42.3	36.0
Transit Fund	4.8	4.8	4.8	4.1
Debt Service Fund	0.0	11.0	11.0	9.3
Total Tax Rate (cents)	52.2	58.1	58.1	49.4
 Tax Levy	 29,543,928	 34,163,000	 33,825,000	 34,367,000
Estimated Collections at 99%	\$ 29,378,482	\$ 33,750,000	\$ 33,487,000	\$ 34,071,000
Distribution				
General Fund	26,677,012	24,620,000	24,380,000	24,821,000
Transit Fund	2,701,470	2,730,000	2,767,000	2,810,000
Debt Service Fund	-	6,400,000	6,340,000	6,440,000
Downtown Service District Fund				
Tax Rate (cents)	9.0	9.0	9.0	7.1
Assessed Value of Real and Personal Property	\$ 180,801,000	\$ 179,841,000	\$ 181,431,000	\$ 230,000,000
Tax Levy	162,721	160,000	163,000	163,300
1¢ of the Tax Rate Equals (to nearest 1,000)	\$ 563,000	\$ 582,000	\$ 576,000	\$ 685,000

ESTIMATED UNDESIGNATED RESERVES ANNUALLY BUDGETED FUNDS

	Approximate Undesignated Net Assets July 1, 2009	2009-10 Budgeted Revenues	2009-10 Budgeted Expenditures	Approximate Undesignated Net Assets June 30, 2010
GENERAL FUND	10,017,373	46,681,627	49,816,000	6,883,000
SPECIAL REVENUE FUNDS				
Downtown Service District	79,161	163,300	214,861	27,600
Housing Loan Trust	120,810	750	66,260	55,300
Library Gift	405,000	94,000	94,000	405,000
Grants Fund	-	551,883	551,883	-
DEBT SERVICE FUND	855,000	6,443,000	5,885,000	1,413,000
CAPITAL IMPROVEMENT FUNDS				
Capital Improvements	1,772,200	379,000	749,000	1,402,200
Capital Reserve	212,900	-	-	212,900
ENTERPRISE FUNDS				
Transportation	4,448,640	16,637,238	16,637,238	4,448,640
Transportation Capital Reserve	1,450,700	201,643	174,341	1,478,002
Public Housing	1,264,839	1,671,893	1,648,632	1,288,100
On-Street Parking	-	650,000	650,000	-
Off-Street Parking	-	1,475,780	1,475,780	-
Stormwater Management	1,073,036	1,711,600	2,053,736	730,900
INTERNAL SERVICE FUNDS				
Vehicle Replacement	(267,070)	3,374,200	2,999,930	107,200
Vehicle Maintenance	119,100	1,148,800	1,148,800	119,100
Computer Replacement	409,800	160,500	160,500	409,800
TOTAL	21,961,489	81,345,214	84,325,961	18,980,742

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 2009-10 is anticipated to be about 13.8% of budgeted expenditures.

GOVERNMENTAL FUNDS**SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES****2009-10**

	General Fund			Special Revenue Funds		
	07-08 Actual	08-09 Estimated	09-10 Adopted	07-08 Actual	08-09 Estimated	09-10 Adopted
Net Unreserved Assets, Beginning of Year	8,512,906	13,217,779	10,017,779	771,019	713,066	643,593
Financial Source						
Property Taxes	27,621,574	24,658,300	24,971,000	162,129	160,000	163,300
Other Tax and Licenses	1,126,226	990,965	989,500	-	-	-
State-Shared Revenues	16,155,377	15,091,644	14,856,730	-	-	-
Interest on Investment:	524,678	101,500	100,000	19,633	3,825	750
Other Revenues	872,099	363,401	412,450	284,025	114,000	94,000
Grants	510,034	371,600	371,600	1,117,249	811,857	198,720
Charges for Services	1,861,851	1,622,672	1,735,797	24,295	21,700	-
Licenses/Permits/Fines	1,915,433	1,719,200	1,812,100	-	-	-
Transfers/Other Sources	1,239,439	1,319,951	1,432,450	(18,390)	450,231	353,163
Appropriated Net Assets (Fund Balance)	-	-	3,134,373	-	-	98,071
Total Estimated Financial Sources	51,826,711	46,239,233	49,816,000	1,588,941	1,561,613	908,004
Expenditures						
Personnel	30,567,523	32,263,980	34,745,941	883,217	938,421	596,744
Operations	19,129,737	16,840,142	14,978,059	763,677	562,774	311,260
Capital	124,672	352,162	92,000	-	129,891	-
Total Budget	49,821,932	49,456,284	49,816,000	1,646,894	1,631,086	908,004
Financial Sources less Budget	2,004,779	(3,217,051)	-	(57,953)	(69,473)	-
Net Unreserved Assets, End of Year	10,517,685	10,000,728	6,883,406	713,066	643,593	545,522

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

Debt Service Fund			Capital Funds		
07-08 Actual	08-09 Estimated	09-10 Adopted	07-08 Actual	08-09 Estimated	09-10 Adopted
647,527	641,042	855,042	2,378,152	1,751,083	1,985,164
-	6,260,000	6,440,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,484	5,000	3,000	23,863	10,000	-
-	-	-	110,750	65,442	-
-	-	-	60,389	28,455	-
-	-	-	86,868	74,000	74,000
-	-	-	-	-	-
5,536,025	-	-	1,120,950	1,103,000	305,000
-	-	-	-	-	370,000
5,542,509	6,265,000	6,443,000	1,402,820	1,280,897	749,000
-	-	-	-	-	-
5,536,025	6,051,000	5,885,000	-	-	-
-	-	-	2,029,889	1,046,816	749,000
5,536,025	6,051,000	5,885,000	2,029,889	1,046,816	749,000
6,484	214,000	558,000	(627,069)	234,081	-
641,042	855,042	1,413,042	1,751,083	1,985,164	1,615,164

ENTERPRISE FUNDS**SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES****2008-09**

	Parking Funds			Transportation Funds		
	07-08 Actual	08-09 Estimated	09-10 Adopted	07-08 Actual	08-09 Estimated	09-10 Adopted
Net Unreserved Assets, Beginning of Year	-	-	-	4,738,396	5,281,834	5,898,851
Financial Source						
Property Taxes	-	-	-	2,794,787	2,688,600	2,810,000
Other Tax and Licenses	-	-	-	149,404	143,852	398,500
State-Shared Revenues	-	-	-	-	-	-
Interest on Investment	66,175	29,600	52,500	183,502	27,728	50,000
Other Revenues	42,760	5,500	6,200	6,667,360	7,062,686	6,990,907
Grants	-	-	-	4,985,827	5,521,403	5,789,666
Charges for Services	2,059,588	2,120,910	2,067,080	463,503	589,249	623,965
Licenses/Permits/Fines	-	-	-	-	-	-
Transfers/Other Sources	-	-	-	-	-	-
Appropriated Net Assets (Fund Balance)	(392,336)	(381,254)	-	-	-	(27,302)
Total Estimated Financial Sources	1,776,187	1,774,756	2,125,780	15,244,383	16,033,518	16,635,736
Expenditures						
Personnel	680,972	646,623	734,926	9,464,972	9,945,984	10,877,571
Operations	1,095,215	1,121,833	1,390,854	4,972,658	5,077,734	5,583,824
Capital	-	6,300	-	263,315	392,783	174,341
Total Budget	1,776,187	1,774,756	2,125,780	14,700,945	15,416,501	16,635,736
Financial Sources less Budget	-	-	-	543,438	617,017	-
Net Unreserved Assets, End of Year	-	-	-	5,281,834	5,898,851	5,926,153

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

Stormwater Management Fund			Housing Fund		
07-08 Actual	08-09 Estimated	09-10 Adopted	07-08 Actual	08-09 Estimated	09-10 Adopted
1,354,160	1,725,700	1,073,065	1,628,724	1,245,461	1,264,862
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
45,654	12,000	8,000	35,754	9,200	4,123
3,400	3,600	3,600	7,466	650	500
-	-	-	1,155,687	1,187,000	1,098,770
1,710,371	1,704,000	1,695,500	453,059	402,982	392,500
-	-	-	-	-	-
3,718	6,000	4,500	176,000	-	176,000
-	-	342,136	-	-	(23,261)
1,763,143	1,725,600	2,053,736	1,827,966	1,599,832	1,648,632
823,980	867,748	1,005,575	878,173	952,066	982,101
567,623	899,287	898,161	566,530	628,365	666,531
-	611,200	150,000	-	-	-
1,391,603	2,378,235	2,053,736	1,444,703	1,580,431	1,648,632
371,540	(652,635)	-	383,263	19,401	-
1,725,700	1,073,065	730,929	1,245,461	1,264,862	1,288,123

INTERNAL SERVICE FUNDS**SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES****2008-09**

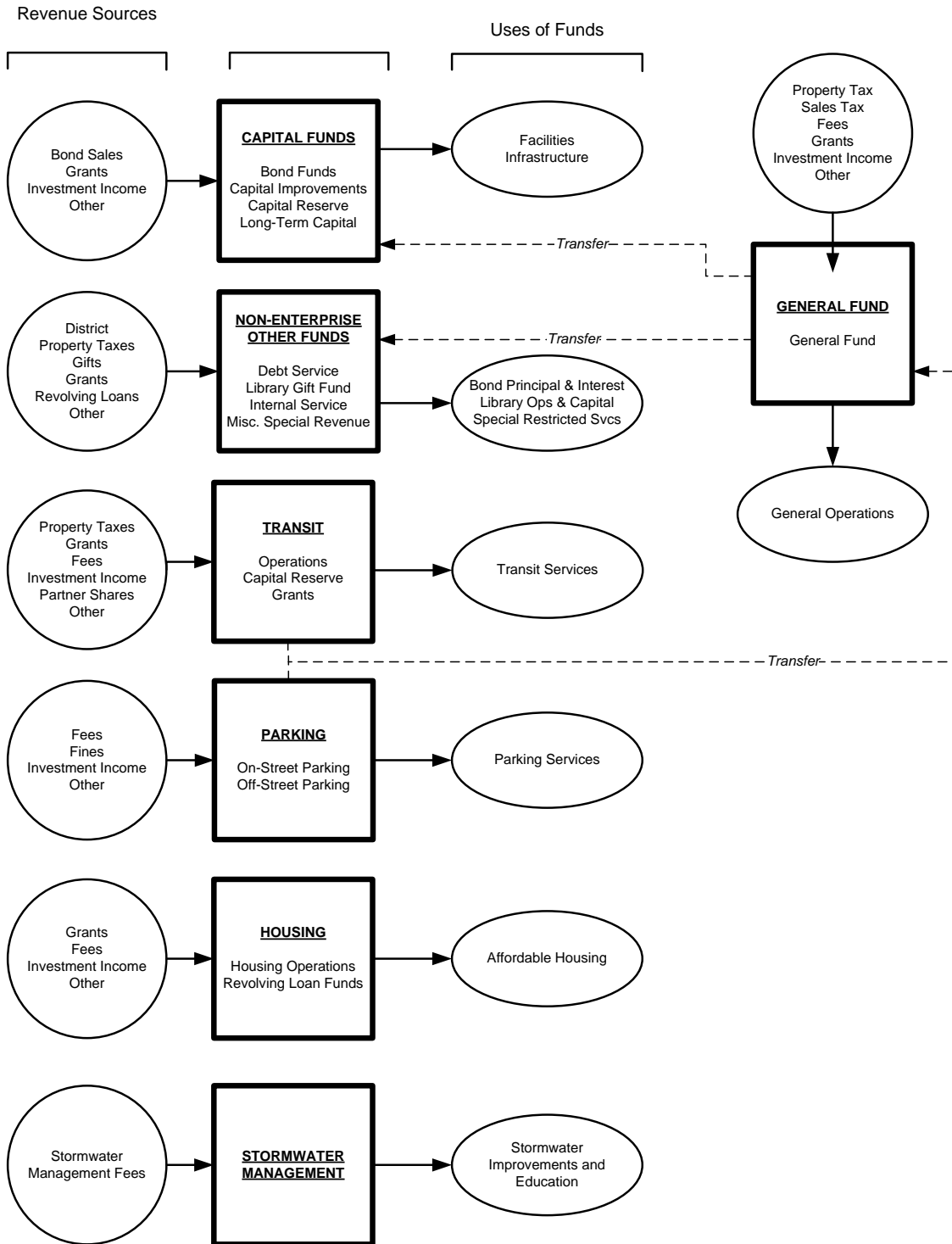
	Internal Service		
	07-08	08-09	09-10
	Actual	Estimated	Adopted
Net Unreserved Assets, Beginning of Year	1,002,066	1,325,472	260,602
Financial Source			
Property Taxes	-	-	-
Other Tax and Licenses	-	-	-
State-Shared Revenues	-	-	-
Interest on Investment	97,703	14,300	500
Other Revenues	138,874	141,540	100,000
Grants	-	-	-
Charges for Services	2,440,293	2,839,800	2,958,800
Licenses/Permits/Fines	-	-	-
Transfers/Other Sources	21,000	-	1,624,200
Appropriated Net Assets (Fund Balance)	-	-	(374,270)
Total Estimated Financial Sources	2,697,870	2,995,640	4,309,230
Expenditures			
Personnel	596,095	623,790	654,606
Operations	1,778,369	1,957,344	2,030,424
Capital	-	1,479,376	1,624,200
Total Budget	2,374,464	4,060,510	4,309,230
Financial Sources less Budget	323,406	(1,064,870)	-
Net Unreserved Assets, End of Year	1,325,472	260,602	634,872

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

Annual Funds - Combined Total:

07-08 Actual	08-09 Estimated	09-10 Adopted
21,032,950	25,901,437	21,998,958
30,578,490	33,766,900	34,384,300
1,275,630	1,134,817	1,388,000
16,155,377	15,091,644	14,856,730
1,003,446	213,153	218,873
8,126,734	7,756,819	7,607,657
7,829,186	7,920,315	7,458,756
9,099,828	9,375,313	9,547,642
1,915,433	1,719,200	1,812,100
8,078,742	2,879,182	3,895,313
(392,336)	(381,254)	3,519,747
83,670,530	79,476,089	84,689,118
43,894,932	46,238,612	49,597,464
34,409,834	33,138,479	31,744,113
2,417,876	4,018,528	2,789,541
80,722,642	83,395,619	84,131,118
2,947,888	(3,919,530)	558,000
23,980,838	21,981,907	22,556,958

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
 Cable Public Access Fund
 Housing Loan Trust Fund
 Library Gift Fund

Debt Service Fund

Capital Funds

Capital Projects Fund
 Capital Reserve Fund
 Transportation Capital Reserve Fund

Proprietary Funds

Enterprise Funds

Transportation Fund
 Stormwater Management Fund
 Parking Fund
 On-Street Parking
 Off-Street Parking
 Public Housing Funds

Internal Service Funds

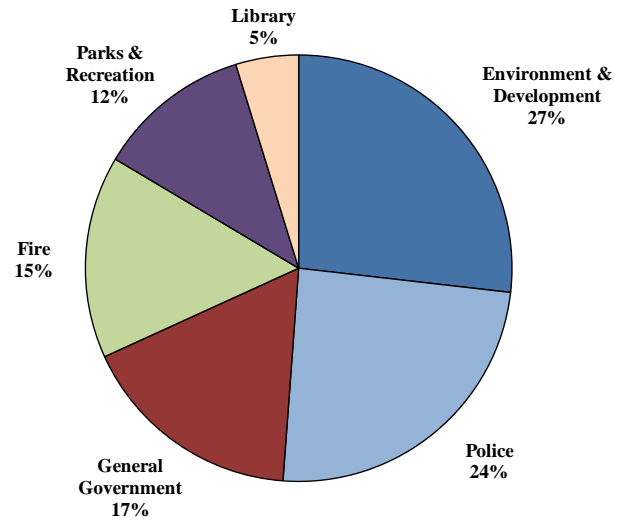
Vehicle Maintenance Fund
 Vehicle Replacement Fund
 Computer Replacement Fund

INTERFUND TRANSFERS						
Adopted 2009-10						
Transfers to:	Transfers From:					Net Transfers
	General Fund	Transportation	Parking	Transportation Capital Reserve	Library Gift Fund	
General Fund	\$ -	\$ -	\$ 145,434	\$ -	\$ 75,000	\$ 220,434
Housing Operating	176,000	-	-	-	-	176,000
Transit Capital Grants	-	175,843	-	174,341	-	350,184
Stormwater Management Fund	5,000	-	-	-	-	5,000
CIP Fund	305,000	-	-	-	-	305,000
Grants Fund	353,100	-	-	-	-	353,100
Net Transfers	\$ 839,100	\$ 175,843	\$ 145,434	\$ 174,341	\$ 75,000	\$ 1,409,718

GENERAL FUND

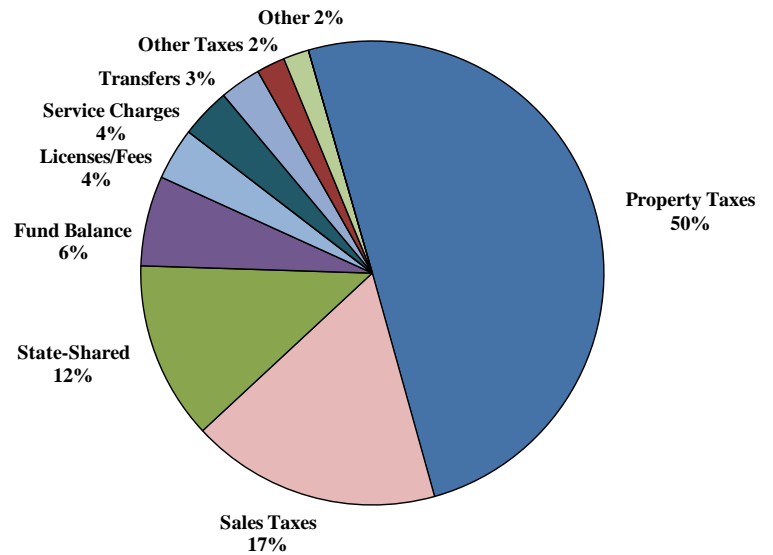
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$49,816,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Government	\$ 13,252,707	\$ 9,269,763	\$ 10,880,711	\$ 9,877,969	\$ 8,826,125	-4.8%
Environment & Development	14,008,290	13,286,985	14,310,976	13,614,809	13,357,480	0.5%
Public Safety	17,842,728	19,155,021	19,323,881	18,268,470	19,434,467	1.5%
Leisure	4,718,201	7,909,231	8,142,036	7,695,036	8,197,928	3.7%
Total	\$ 49,821,926	\$ 49,621,000	\$ 52,657,604	\$ 49,456,284	\$ 49,816,000	0.4%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues:						
Property Taxes	\$ 27,621,574	\$ 24,733,000	\$ 24,733,000	\$ 24,658,300	\$ 24,971,000	1.0%
Sales Taxes	9,578,126	9,623,000	9,623,000	8,979,044	8,660,730	-10.0%
Other Tax and Licenses	1,126,225	1,084,000	1,084,000	990,965	989,500	-8.7%
State-Shared Revenues	6,577,251	5,952,000	6,141,094	6,112,600	6,196,000	4.1%
Interest on Investments	524,679	200,000	200,000	101,500	100,000	-50.0%
Other Revenues	872,099	313,150	431,726	363,401	412,450	31.7%
Grants	510,034	374,363	474,347	371,600	371,600	-0.7%
Charges for Services	1,861,853	1,693,741	1,693,741	1,622,672	1,735,797	2.5%
Licenses/Permits/Fines	1,915,433	1,601,400	1,956,081	1,719,200	1,812,100	13.2%
Transfers/Other Sources	1,239,439	1,302,472	1,381,472	1,319,951	1,432,450	10.0%
Appropriated Fund Balance	(2,004,787)	2,743,874	4,939,143	3,217,051	3,134,373	14.2%
Total	\$ 49,821,926	\$ 49,621,000	\$ 52,657,604	\$ 49,456,284	\$ 49,816,000	0.4%

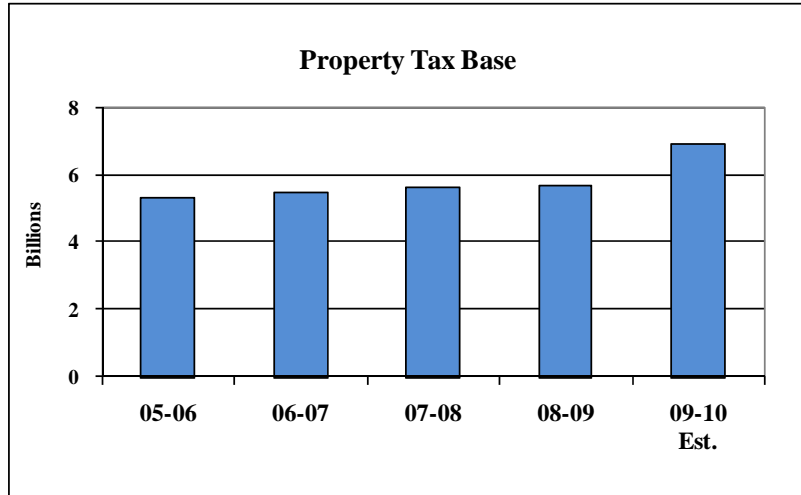
GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Property Tax

The largest component of the property tax is the levy on real property. The property tax consists of three components – General Fund, Debt Service Fund and Transit Fund.

We have received preliminary estimates from Orange County on the revaluation that is



under way, but have not received final values as the County is experiencing a high number of appeals. We have based our estimate on their information together with historic trends for the overall tax base. The tax base for 2009-10 is estimated to be about \$6,956,950,000 with 1 cent on the tax rate equivalent to about \$685,000.

Revenue neutral tax rate – The Council established a revenue neutral tax rate for 2009-10. A revenue neutral rate is the rate that will yield the same amount of tax as the prior year, as if the valuation did not change. That calculation includes the addition of normal growth to the tax base. The Town is experiencing growth at different rates in the two counties, with the much smaller Durham County portion exhibiting growth above 20%, while the Orange County portion has been growing at about 1.8%. The combination yields an average growth over the last few years of 3.1%. The Annual Budget provides for establishing a tax rate at the lower (1.8%) rate of growth. Using these estimates, the Manager is recommending a tax rate of 36.0 cents per \$100 in valuation for the General Fund, yielding property taxes of \$24.82 million in 2009-10 as compared to \$24.38 million in 2008-09. The rates for the Debt Service Fund and Transit Fund are 9.3 and 4.1 cents per \$100 in valuation, for a combined tax rate of 49.4 cents in 2009-10, as opposed to 58.1 cents for 2008-09.

The combined property tax revenues we anticipate for 2009-10 total about \$34.0 million, with \$24.8 million of that supporting the General Fund.

Other Local Taxes

- Cable franchise revenues represent a tax on local Time Warner gross receipts. Effective January 1, 2007, the Department of Revenue changed the distribution calculation for cable franchise revenues, and the majority of the funds we

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

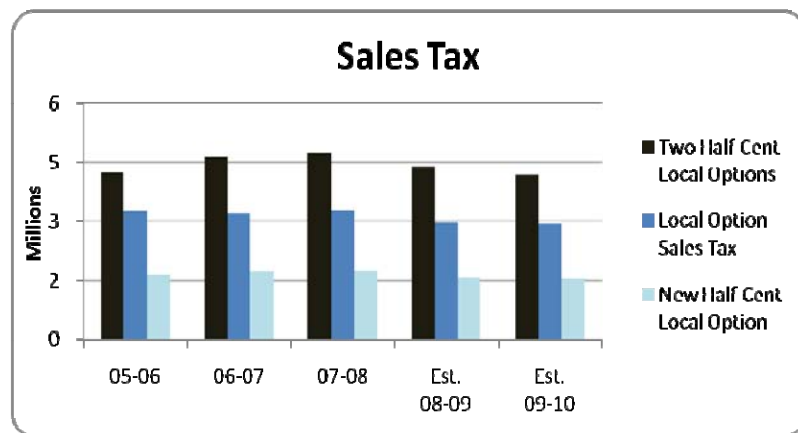
previously received in this revenue line are now allocated in the utility franchise tax.

- Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$902,000 in the current year and about \$950,000 in 2009-10. Revenue trends are affected by University events and general economic conditions.

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to fall significantly short of budget in 2008-09 by about \$644,000 due to the economic downturn. We estimate that the downturn will continue into 2009-10, with a slow recovery beginning in the second half of FY 2010



and with the local portion of the sales tax recovering quicker than the state-wide. We estimate combined sales taxes of about \$8,661,000 for 2009-10, a drop of about 3.5% overall from current year estimates.

Motor Fuel Taxes (known as Powell Bill funds)

Motor fuel tax revenue is based on receipts of 1¼ 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 \$1,500,600 in 2008-09, about the same as prior year. For 2009-10, we anticipate revenues will fall slightly to about \$1,450,000.

State Fire Protection Funds

We are expecting about \$1,210,000 in State Fire Protection Funds in the current year, and we expect about the same level of funding from this source in 2009-10.

Utility Franchise Tax

Utility franchise taxes are derived from a 3 percent tax on gross revenues from public utilities in each jurisdiction, and are collected by the State for distribution to cities and towns. Because the fees are dependent upon utility charges, they are affected by weather conditions and can vary from year to year. In 2007, the State changed the distribution method for cable franchise fees and included them in the utility franchise tax distribution. Despite the economic downturn, indications are that utility franchise fees will slightly

GENERAL FUND

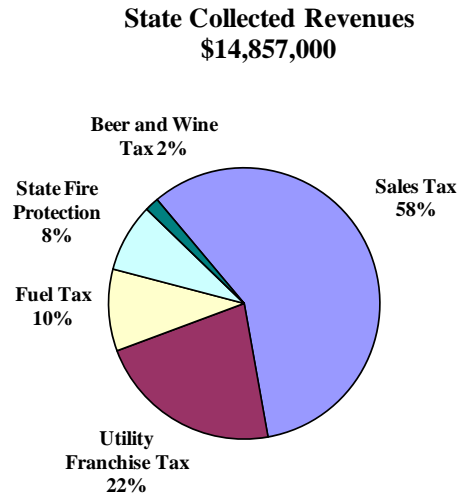
Major Revenue Sources - Descriptions and Estimates

exceed the current year's budget for a total of about \$3,170,000 in 2008-09, and will grow to about \$3,290,000 in 2009-10.

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 \$246,000 for the current year and next year.

In summary, we estimate State-collected revenues would total about \$14,857,000 for next year.



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$372,000 for 2009-10. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

Local grants include appropriations from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. Both supplements have remained constant over the last few years. We expect the 2009-10 appropriation from the County to remain at \$83,700 for the Parks and Recreation supplement and \$249,000 for the Library supplement. The State appropriation for Library services is budgeted at \$36,700, slightly less than in 2007-08.

Charges for Services

Service Charges for various Town services and programs (including zoning compliance review and Parks and Recreation programs) are estimated to fall short of budget in the current year by about \$70,000, but are expected to increase from \$1,623,000 to about \$1,736,000 in 2009-10. The increase from current year revenues is expected as the result of the new Parks and Recreation facilities and from development-related fees. Included is a preliminary estimate of fees related to Carolina North, the public-private development begun by the University.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, including privilege licenses and vehicle licenses, are expected to remain about the same as budgeted in 2008-09, with the exceptions of increases in inspection and re-inspection permits related to development already in progress. Total licenses and permits are expected to be about \$1.7 million in 2008-09 and \$1.8 million in 2009-10.

Interest on Investments

The General Fund share of interest earned on the Town's investments is recorded in this category. With the plunge in interest rates from the current recession and the spending down of the Town's fund balance, investment income is expected to fall short of budget by about \$100,000 in the current year and to generate only about \$100,000 next year.

Miscellaneous, Transfers, Net Assets (Fund Balance)

Miscellaneous Revenues

The primary miscellaneous revenues include the sale of cemetery lots and equipment, court cost reimbursements, and donations. Miscellaneous revenues are expected to total about \$402,000 for 2008-09 and \$393,000 for 2009-10.

Transfers and Charges

This category 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 2009-10, these include estimates of \$196,000 from Parking Enterprise Funds, \$100,000 from the Stormwater Management Fund, and \$1 million from the Transit Enterprise Fund. These transfers include an increased contribution (from \$45,000 to \$75,000) 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 \$4.8 million of fund balance in 2008-09, but through cost-cutting measures, will use only about \$2.9 million. The annual budget includes the use of \$3.1 million in 2009-10 to maintain service levels and retain a revenue neutral tax rate.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes General Fund revenues, including the use of \$3.1 million of fund balance, of about \$49.82 million.

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

	08-09 Revised Budget	08-09 Estimated	09-10 Adopted Budget
Property Taxes	\$ 24,733,000	\$ 24,658,300	\$ 24,971,000
Sales Taxes	9,623,000	8,979,044	8,660,730
Other State-Collected	6,112,000	6,112,600	6,196,000
Other Revenues	2,004,357	1,827,466	1,854,550
Licenses/Permits	1,916,081	1,719,200	1,812,100
Service Charges	1,693,741	1,622,672	1,735,797
Interfund Transfers	1,363,472	1,319,951	1,422,330
Fund Balance	4,831,180	2,972,414	3,163,493
Total	\$ 52,276,831	\$ 49,211,647	\$ 49,816,000

(Rounded to nearest thousand.)

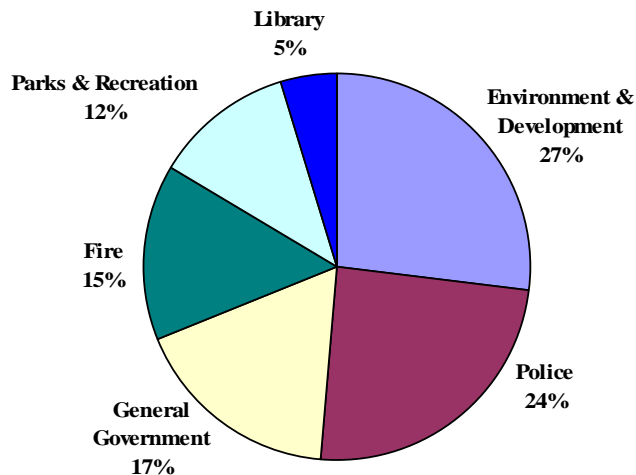
GENERAL FUND

Major Expenditures - Descriptions and Estimates

The General Fund provides basic services for Town citizens including police and fire protection, environment & 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 \$49,816,000 for the 2009-10 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$12.1 million and Fire Department expenditures of about \$7.3 million.



Environment and Development is the second largest category in the General Fund at about \$13.3 million, including Planning and Public Works, which provide services of planning for growth, engineering, inspections, solid waste collection, maintenance of streets, inspections, and maintenance of Town facilities. As part of the organizational realignment, Engineering is budgeted with Public Works in the 2010 annual budget.

Police, Fire and Public Works together comprise about 63% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$5.8 million, Library services of \$2.4 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$8.8 million.

Non-departmental expenditures total \$2.8 million. Non-departmental expenditures include transfers for capital improvements of \$305,000 and other miscellaneous transfers of \$181,000, including a \$176,000 transfer to supplement the Housing Department's administrative budget. The non-departmental budget includes \$353,000 in matching funds for a federal Fire grant. In keeping with prior year, \$836,500 is included in the annual budget for distribution to other agencies in support of human services, cultural and

GENERAL FUND

Major Expenditures - Descriptions and Estimates

arts programs, economic development and development of affordable housing as adopted by the Council. The budget for liability and property insurance totals \$470,000. Also included in non-departmental expenditures is a \$400,000 contribution toward funding the Town's liability for post-employment health benefits. Prior years included the transfer to the Debt Service Fund, but in 2008-09, a portion of the property tax was allocated to debt service instead.

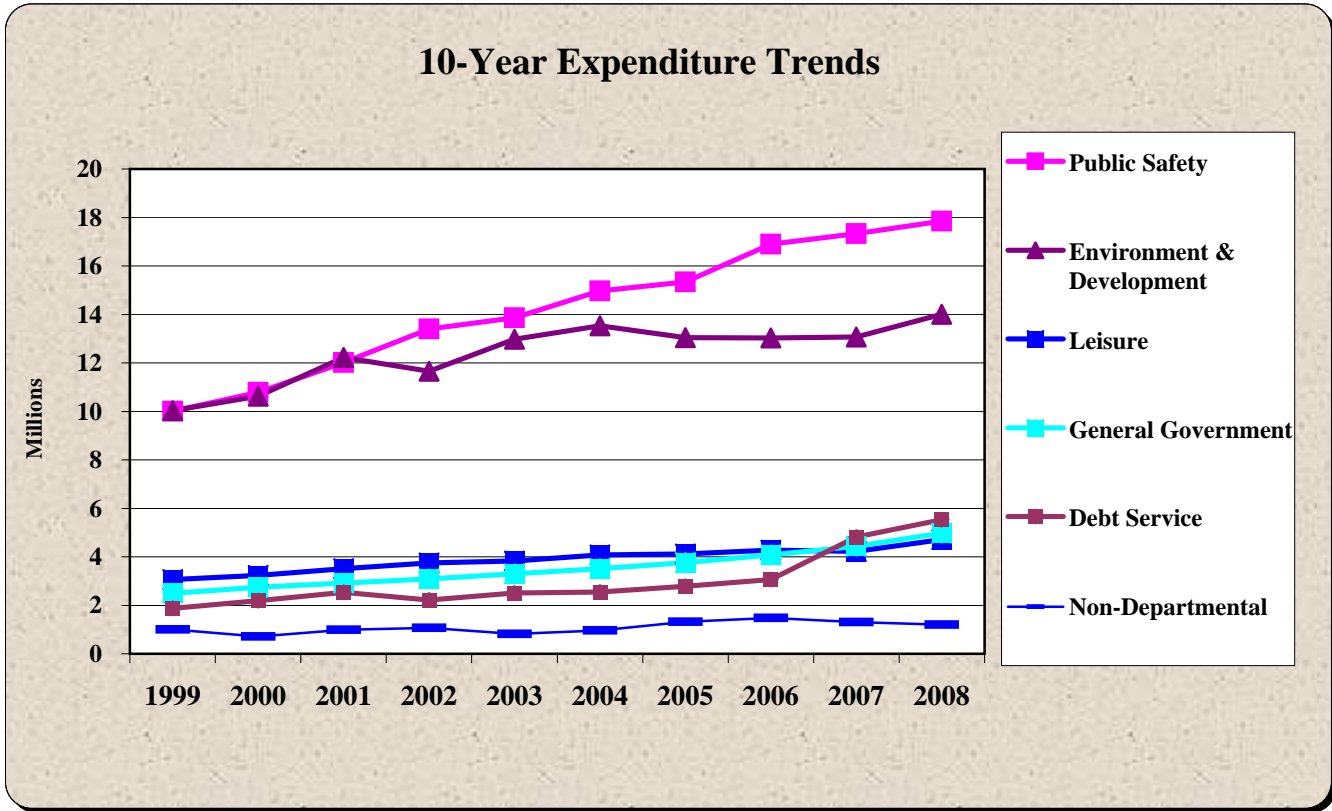
Significant changes in the 2009-10 budget include increases in group medical insurance of 17.1%, or \$708,000, for General Fund employees and retirees. The budget includes funding to continue work toward Council priorities including technology initiatives, a citizen survey and funding for new Parks and Recreation facilities that opened in FY09.

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

EXPENDITURES						
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 30,567,517	\$ 34,079,451	\$ 32,867,639	\$ 32,263,980	\$ 34,745,941	2.0%
Operating Costs	\$ 19,129,737	\$ 15,461,549	\$ 19,404,207	\$ 16,840,142	\$ 14,978,059	-3.1%
Capital Outlay	\$ 124,672	\$ 80,000	\$ 385,758	\$ 352,162	\$ 92,000	15.0%
Total	\$ 49,821,926	\$ 49,621,000	\$ 52,657,604	\$ 49,456,284	\$ 49,816,000	0.4%

GENERAL FUND

Major Expenditures - Descriptions and Estimates



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Government						
Mayor/Council	\$ 355,295	\$ 444,572	\$ 444,572	\$ 446,349	\$ 529,378	19.1%
Manager/CaPA	\$ 1,414,149	\$ 1,737,425	\$ 1,984,373	\$ 1,790,750	\$ 1,666,042	-4.1%
Human Resource Dev't	\$ 697,325	\$ 875,446	\$ 891,419	\$ 807,339	\$ 877,714	0.3%
Business Management	\$ 2,225,045	\$ 2,574,619	\$ 2,952,820	\$ 2,768,100	\$ 2,594,376	0.8%
Town Attorney	\$ 291,200	\$ 295,591	\$ 298,984	\$ 288,328	\$ 294,130	-0.5%
Non-Departmental	\$ 8,269,693	\$ 3,342,110	\$ 4,308,543	\$ 3,777,103	\$ 2,864,485	-14.3%
Subtotal	\$ 13,252,707	\$ 9,269,763	\$ 10,880,711	\$ 9,877,969	\$ 8,826,125	-4.8%
Environment & Development						
Planning	\$ 1,053,196	\$ 1,355,536	\$ 1,423,702	\$ 1,303,248	\$ 1,310,492	-3.3%
Public Works	\$ 12,955,094	\$ 11,931,449	\$ 12,887,274	\$ 12,311,561	\$ 12,046,988	1.0%
Subtotal	\$ 14,008,290	\$ 13,286,985	\$ 14,310,976	\$ 13,614,809	\$ 13,357,480	0.5%
Public Safety						
Police	\$ 11,228,269	\$ 12,073,399	\$ 12,206,165	\$ 11,464,374	\$ 12,138,197	0.5%
Fire	\$ 6,614,459	\$ 7,081,622	\$ 7,117,716	\$ 6,804,096	\$ 7,296,270	3.0%
Subtotal	\$ 17,842,728	\$ 19,155,021	\$ 19,323,881	\$ 18,268,470	\$ 19,434,467	1.5%
Leisure						
Parks and Recreation	\$ 2,522,136	\$ 5,550,595	\$ 5,692,799	\$ 5,432,027	\$ 5,823,996	4.9%
Library	\$ 2,196,065	\$ 2,358,636	\$ 2,449,237	\$ 2,263,009	\$ 2,373,932	0.6%
Subtotal	\$ 4,718,201	\$ 7,909,231	\$ 8,142,036	\$ 7,695,036	\$ 8,197,928	3.7%
General Fund Total	\$ 49,821,926	\$ 49,621,000	\$ 52,657,604	\$ 49,456,284	\$ 49,816,000	0.39%

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

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Mayor/Council	\$ 355,295	\$ 444,572	\$ 444,572	\$ 446,349	\$ 529,378	19.1%
Town Manager/CaPA	1,414,149	1,737,425	1,984,373	1,790,750	1,666,042	-4.1%
Human Resources	697,325	875,446	891,419	807,339	877,714	0.3%
Business Management	2,225,045	2,574,619	2,952,820	2,768,100	2,594,376	0.8%
Town Attorney	291,200	295,591	298,984	288,328	294,130	-0.5%
Non-Departmental	8,269,693	3,342,110	4,308,543	3,777,103	2,864,485	-14.3%
Total	\$ 13,252,707	\$ 9,269,763	\$ 10,880,711	\$ 9,877,969	\$ 8,826,125	-4.8%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 13,252,707	\$ 9,269,763	\$ 10,880,711	\$ 9,877,969	\$ 8,826,125	-4.8%
Total	\$ 13,252,707	\$ 9,269,763	\$ 10,880,711	\$ 9,877,969	\$ 8,826,125	-4.8%

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.

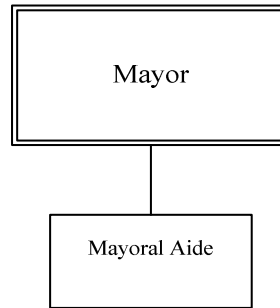
The Mayor and eight Council Members constitute the governing body of the Town. In accordance with the Town's Charter, the voters elect a Mayor every two years. Council Members are elected to four-year, staggered terms on an at-large basis. The Mayor chairs Town Council meetings and represents the Town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

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 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 little overall change from the prior year in keeping with the strategy for addressing next year's budget in the current economic climate. Reductions in other operating costs are budgeted to offset the estimated 17.1% increase in medical insurance rates, and the only addition to the budget is a \$3,000 reserve for potential medical insurance changes pending the outcome of the election in November 2009.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 89,616	\$ 93,953	\$ 97,875	\$ 95,211	\$ 99,571	6.0%
Operating Costs	14,957	21,580	20,811	19,558	19,222	-10.9%
Total	\$ 104,573	\$ 115,533	\$ 118,686	\$ 114,769	\$ 118,793	2.8%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 104,573	\$ 115,533	\$ 118,686	\$ 114,769	\$ 118,793	2.8%
Total	\$ 104,573	\$ 115,533	\$ 118,686	\$ 114,769	\$ 118,793	2.8%

COUNCIL

BUDGET SUMMARY

The adopted budget for the Town Council reflects an increase of 24.8% over the 2008-09 budget, primarily for election-related items. \$50,000 for a new Voter Owned Elections initiative and direct election costs of \$27,600 comprise an increase of 35.5% in operating costs. In addition to the 17.1% increase in existing medical insurance rates, we have included a \$13,500 reserve for changes in Council insurance pending the outcome of the election in November 2009, leading to the 13.2% increase in personnel-related costs.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 146,067	\$ 158,069	\$ 154,916	\$ 156,001	\$ 178,887	13.2%
Operating Costs	104,655	170,970	170,970	175,579	231,698	35.5%
Total	\$ 250,722	\$ 329,039	\$ 325,886	\$ 331,580	\$ 410,585	24.8%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 250,722	\$ 329,039	\$ 325,886	\$ 331,580	\$ 410,585	24.8%
Total	\$ 250,722	\$ 329,039	\$ 325,886	\$ 331,580	\$ 410,585	24.8%

TOWN MANAGER

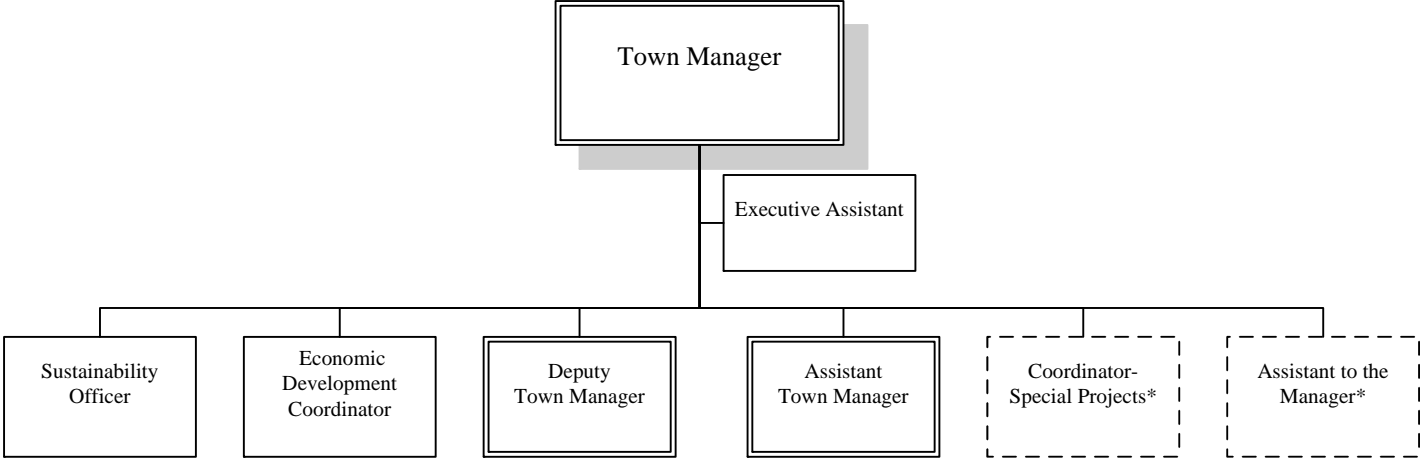
MISSION STATEMENT:

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 Manager's Office is responsible for the overall management of Town services under the direction of the Mayor and Council, and for various support services to the Mayor and Council. In accordance with policy direction by the Council, the Manager's Office directs, coordinates, and evaluates the performance of Town services, and provides staff support to the Council. Duties of the Town Manager's Office include:

- Attendance at all meetings of the Town Council and recommendations for adoption of such measures as shall be deemed expedient.
- Preparation of reports to Council from time to time on the affairs of the Town, and ensuring that the Council is fully advised of the Town's financial condition and its future financial needs.
- Budget and capital improvements program recommendations in accordance with the schedule adopted by the Town Council.
- Comprehensive and clear staff reports on all items placed on the Council's agenda.
- Supervision of all work of department heads, officers and employees of the Town, as administrative head of the Town.

TOWN MANAGER



* Unfunded Position

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

	2007-08	2008-09	2009-10
	ADOPTED	ADOPTED	ADOPTED
Town Manager	1.00	1.00	1.00
Deputy Town Manager	1.00	1.00	1.00
Assistant Town Manager	1.00	1.00	1.00
Economic Development Coordinator	1.00	1.00	1.00
Executive Assistant	1.00	1.00	1.00
Administrative Assistant ¹	0.80	0.80	0.00
Secretary/Receptionist ¹	1.00	1.00	0.00
Public Arts Administrator ²	0.00	1.00	0.00
Public Art Coordinator ²	0.00	1.00	0.00
Sustainability Officer ³	0.00	0.00	1.00
Coordinator - Special Projects*	0.00	0.00	1.00
Assistant to the Manager*	0.00	0.00	1.00
Town Manager's Office Totals	<u>6.80</u>	<u>8.80</u>	<u>8.00</u>

¹ Position moved to Communications and Public Affairs

² Position moved to Parks and Recreation

³ Position moved from Planning

*Unfunded position

TOWN MANAGER

BUDGET SUMMARY

The adopted budget for the Town Manager's department reflects the reorganization of personnel for FY10. Two administrative positions are moved to Communications and Public Affairs and two Public Arts positions are moved to Parks and Recreation. The Manager's budget includes the addition of a Sustainability Officer, transferred from the Planning Department. The net result of the personnel and other changes is a 10.2% decrease in the Town Manager's budget. The adopted budget for 2009-10 includes \$25,000 to continue the Development Review Process begun in FY09.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 862,042	\$ 892,923	\$ 952,952	\$ 916,248	\$ 794,974	-11.0%
Operating Costs	110,066	162,005	234,762	169,880	152,610	-5.8%
Total	\$ 972,108	\$ 1,054,928	\$ 1,187,714	\$ 1,086,128	\$ 947,584	-10.2%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 972,108	\$ 1,054,928	\$ 1,187,714	\$ 1,086,128	\$ 947,584	-10.2%
Total	\$ 972,108	\$ 1,054,928	\$ 1,187,714	\$ 1,086,128	\$ 947,584	-10.2%

COMMUNICATIONS & PUBLIC AFFAIRS

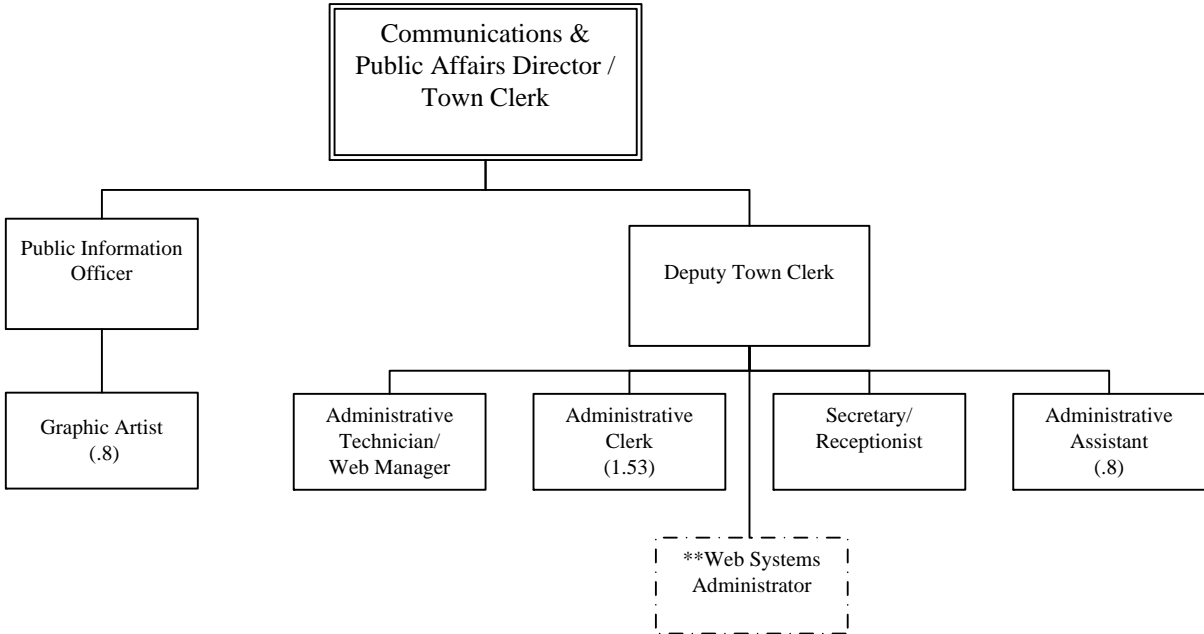
MISSION STATEMENT:

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

Summary of services provided in support of department's mission:

- Manages the Town's communications and media relations activities.
- Develops information and public awareness campaigns.
- Maintains and makes easily accessible all official records of the local legislative process.
- Coordinates Council appointments to all Town boards and commissions.
- Coordinates citizens' requests for service.
- Oversees content on the Town's website.
- Produces internal and external publications.
- Manages the government access cable television channel.
- Coordinates protest petitions.
- Administers oaths of office.
- Maintains calendars of official Town activities and meetings.

COMMUNICATIONS & PUBLIC AFFAIRS



**Unfunded position.

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

	2007-08	2008-09	2009-10
	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 Technician	1.00	1.00	1.00
Administrative Clerk	1.53	1.53	1.53
Public Information Officer	1.00	1.00	1.00
Administrative Assistant ¹	0.00	0.00	0.80
Secretary/Receptionist ¹	0.00	0.00	1.00
Web System Administrator ²	1.00	1.00	1.00
Graphic Artist ³	1.00	1.00	0.80
	<hr/>	<hr/>	<hr/>
Town Clerk's Office Totals	7.53	7.53	9.13

¹ Position transferred from the Town Manager's department in FY10.

² Unfunded position.

³ Position approved but unfunded in FY08. Funding secured in FY09.

COMMUNICATIONS & PUBLIC AFFAIRS/ TOWN CLERK BUDGET SUMMARY

The adopted budget for the Communications & Public Affairs office reflects an increase of 5.3% over last year's budget, primarily the result of the following: moving two administrative positions from the Manager's office and the 17.1% increase in medical insurance rates for an increase of 27.2% in personnel costs. \$125,000 for web development was a one-time cost for FY09, the primary reason for the 27.2% decrease in operating costs. The adopted budget for FY10 includes \$30,000 for a citizen survey.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 279,579	\$ 407,711	\$ 423,446	\$ 430,334	\$ 518,434	27.2%
Operating Costs	162,462	274,786	373,213	274,288	200,024	-27.2%
Total	\$ 442,041	\$ 682,497	\$ 796,659	\$ 704,622	\$ 718,458	5.3%

REVENUES

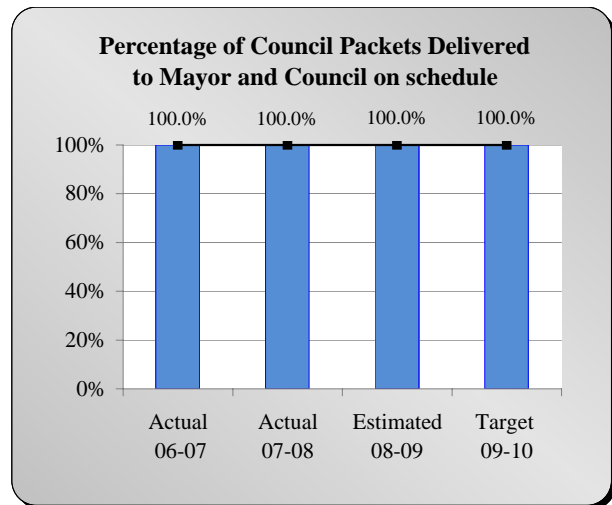
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 442,041	\$ 682,497	\$ 796,659	\$ 704,622	\$ 718,458	5.3%
Total	\$ 442,041	\$ 682,497	\$ 796,659	\$ 704,622	\$ 718,458	5.3%

COMMUNICATIONS & PUBLIC AFFAIRS/ TOWN CLERK TRENDS

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

Objective: Deliver 100% of Council packets to Mayor and Council on schedule.

In fiscal year 2008-09, all packets were prepared on a timely basis for delivery to the Mayor and Council. The Clerk's Office prepared 50 complete agenda packets according to the Council's established schedule, which varies annually depending on special projects and the Council's calendar of meeting.



OBJECTIVES	PROGRESS/STATUS
To continue maintenance of a computerized index and retrieval system for Council minutes, contracts, and mailing lists of interested parties.	Archiving of Council minutes continues. Mailing lists, including electronic lists, are updated as new information is received.
To provide comprehensive and clear staff reports on all items placed on the Council's agenda by the Manager, so that there are no more than two items on which the Council delays a decision due to incomplete staff work.	There were no items in the 2008-09 fiscal year on which the Council deferred a decision due to incomplete staff work.

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

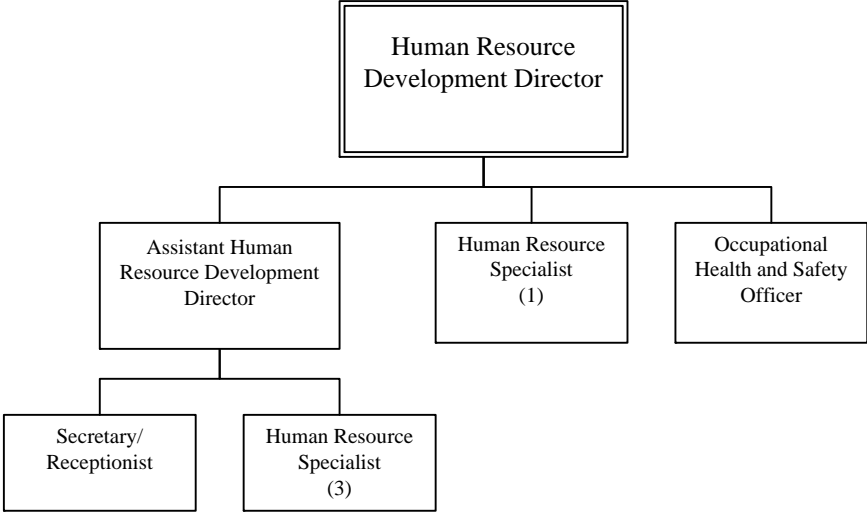
MISSION STATEMENT:

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

Summary of strategies and services provided in support of department's mission:

- Attract, retain and engage employees who support the Town's mission and contribute to its success.
- Facilitate the professional growth and development of our employees
- Manage information and provide services/consultation to support the employee-employer relationship.
- Collaborate to solve problems, break down barriers and experiment with new ideas and approaches.
- Ensure that policies, programs and actions promote the dignity and worth of people as well as meet the highest ethical and legal standards.

HUMAN RESOURCE DEVELOPMENT



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

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Human Resource Development Director	1.00	1.00	1.00
Assistant Director-Human Resource Development	1.00	1.00	1.00
Occupational Health and Safety Officer	1.00	1.00	1.00
Human Resource Specialist	4.00	4.00	4.00
Secretary/ Receptionist	1.00	1.00	1.00
	<hr/>		
Human Resource Development Totals	8.00	8.00	8.00

HUMAN RESOURCE DEVELOPMENT BUDGET SUMMARY

The adopted budget for the Human Resource Development department reflects little change overall in keeping with the target of a zero increase budget over the prior year. The 17.1% increase in medical insurance rates is offset by cuts to operating costs for an overall budget increase of only .3%.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 492,744	\$ 599,811	\$ 580,310	\$ 552,386	\$ 624,054	4.0%
Operating Costs	204,581	275,635	311,109	254,953	253,660	-8.0%
Total	\$ 697,325	\$ 875,446	\$ 891,419	\$ 807,339	\$ 877,714	0.3%

REVENUES

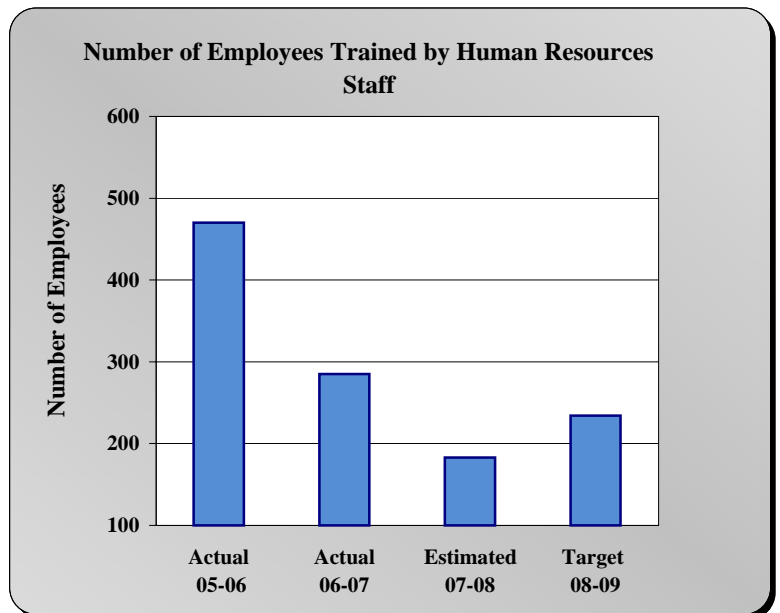
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 697,325	\$ 875,446	\$ 891,419	\$ 807,339	\$ 877,714	0.3%
Total	\$ 697,325	\$ 875,446	\$ 891,419	\$ 807,339	\$ 877,714	0.3%

HUMAN RESOURCES TRENDS

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

GOAL: Increase the number of employees who receive health and safety training.

The Human Resources staff provided health and safety training to 183 employees during fiscal year 2007-08, a decrease from 285 in 2006-07. In 2007-08, HRD staff continued a new training initiative to offer programs conducted by others and overseen by HR staff. This and other program efforts are aimed at reducing the number of lost days due to work-related injuries. The number of lost days for Workers' compensation claims fell by about 296 days from last year to this year.



Additional Details	Actual 05-06	Actual 06-07	Estimated 07-08	Target 08-09
# of Lost Days due to Workers' Compensation Claims	692.7	666.63	369.91	576.41
# of New Workers' Compensation Claims with 3+ Days of Lost Time	15	22	16	18
# of Claims Open at Year End	91	170	130	100

BUSINESS MANAGEMENT DEPARTMENT

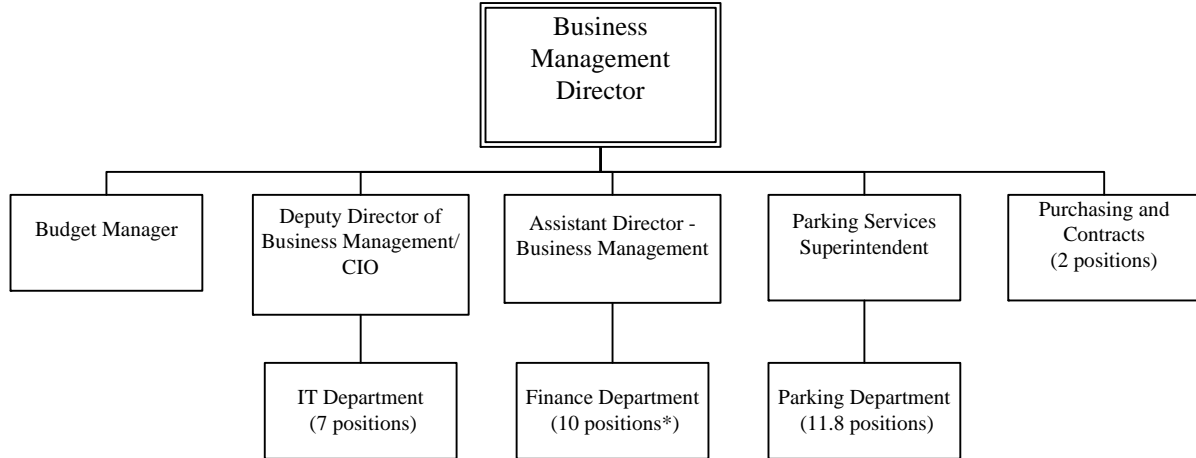
MISSION STATEMENT:

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 technology oversight and support to help the Town make the best possible use of available technology.

Summary of services provided in support of department's mission:

- Support the budget and performance measurement process, including preparation of an accurate and informative budget document and estimation of Town revenues.
- Monitor the Town's financial position and provide for appropriate investments and borrowings.
- Oversee centralized purchasing and contract management; maintain insurance policies and processing of insurance claims for property damage.
- Provide payroll and accounts payable services.
- Provide centralized billing and revenue collection services for all Departments and collection of taxes for Town and County citizens.
- Maintain accurate and informative financial records that support the Town's operations and enable the Town to receive unqualified opinions by independent auditors and to obtain renewal of the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Award from the Government Finance Officers' Association.
- Review internal systems, policies and processes for fiscal efficiencies.
- Provide technological equipment, software and support for staff, citizens, and other interested parties to use the Town information efficiently within a secure environment.
- Oversee procurement, operation and maintenance of computer systems, network and telephone services and related equipment.
- Develop and maintain internet-related information services.
- Oversee management of the Town's on- and off-street parking services.

BUSINESS MANAGEMENT DEPARTMENT OVERVIEW



*One Accountant position is funded by the Housing Department, but supervised by the Finance Division.

Parking Services is supervised by the Business Management Director, and is shown in the Parking section.

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

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
<u>Finance</u>			
Director - Business Management*	0.00	1.00	1.00
Finance Director*	1.00	0.00	0.00
Assistant Director - Business Management*	0.00	1.00	1.00
Financial Reporting Manager*	1.00	0.00	0.00
Accounting Manager*	0.00	1.00	1.00
Financial Systems Administrator	1.00	1.00	1.00
Budget Manager*	0.00	1.00	1.00
Budget Analyst*	1.00	0.00	0.00
Accountant**	2.00	2.00	2.00
Purchasing & Contracts Manager	1.00	1.00	1.00
Payroll Coordinator	1.00	1.00	1.00
Accounting Technician II	2.00	2.00	2.00
Revenue Collector	1.00	1.00	1.00
Accounting Clerk*	0.53	1.00	1.00
Purchasing Technician	1.00	1.00	1.00
Division Totals	<u>12.53</u>	<u>14.00</u>	<u>14.00</u>
<u>Information Technology</u>			
Deputy Director - Bus. Mgmt./Chief Information Officer*	1.00	1.00	1.00
Network and Telecommunications Analyst	1.00	1.00	1.00
Geographic Information Systems Analyst	1.00	1.00	1.00
Information Technology Analyst*	4.00	5.00	5.00
Division Totals	<u>7.00</u>	<u>8.00</u>	<u>8.00</u>
Business Management Totals	<u><u>19.53</u></u>	<u><u>22.00</u></u>	<u><u>22.00</u></u>

* In FY09, the Finance Department and Information Technology combined to form Business Management. At that time, the Finance Director position changed to Business Management Director, various position titles were changed, the Assistant Director position was added and the Accounting Clerk position was increased to full-time status.

In addition, the IT Director position was changed to Deputy Director of Business Management/CIO and an IT Analyst position was added.

** One additional Accountant position is funded by the Housing Department and supervised by the Finance Division.

The Business Management Director also supervises the Parking Department, shown in the Parking section.

BUSINESS MANAGEMENT BUDGET SUMMARY

Business Management is comprised of the previous Finance and Information Technology departments, shown here together prior to FY09 for comparison purposes. See the following division summaries for details.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 1,469,398	\$ 1,879,847	\$ 1,665,819	\$ 1,683,053	\$ 1,850,431	-1.6%
Operating Costs	731,786	626,772	1,102,061	917,747	663,945	5.9%
Capital Outlay	23,861	68,000	184,940	167,300	80,000	17.6%
Total	\$ 2,225,045	\$ 2,574,619	\$ 2,952,820	\$ 2,768,100	\$ 2,594,376	0.8%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 2,225,045	\$ 2,574,619	\$ 2,952,820	\$ 2,768,100	\$ 2,594,376	0.8%
Total	\$ 2,225,045	\$ 2,574,619	\$ 2,952,820	\$ 2,768,100	\$ 2,594,376	0.8%

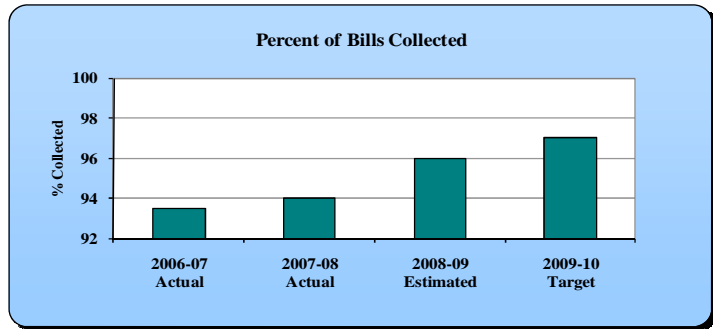
BUSINESS MANAGEMENT TRENDS

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

GOAL: Provide efficient financial administration.

OBJECTIVE: To maximize collection of revenues.

The percent of bills collected increased approximately 0.5% from 2006-07 to 2007-08 due in large part to improvements in billing accuracy. The Town's target is to improve collections by 1% in FY 2009-10 by increasing delinquent collection efforts.



OBJECTIVES	PROGRESS/STATUS
Maintain accounting records in a manner that supports the operation of the Town and enables the Town to obtain an unqualified audit opinion on its annual financial statements. Renew the Certificate of Achievement for Excellence in Financial Reporting from the National Government Finance Officers Association.	Received Award for Excellence in Financial Reporting for the FY08 Comprehensive Annual Financial Report. Audit services secured for fiscal year ending June 30, 2009 and initial visits from auditors conducted.
Provide financial, budgetary, and accounting assistance on the coordination and implementation of bond projects and other debt financing requirements.	Monthly bond payments made on time, and we established a special portion of the tax rate dedicated to debt service for FY10.
Include information in annual budgets necessary to continue to receive the Distinguished Budget Presentation Award from Governmental Finance Officers Association.	Budget work sessions were held in April - June, and the Council adopted the FY10 budget on June 8th. Work has begun on the budget document for submission to GFOA and for distribution to bond rating agencies.

FINANCE
BUDGET SUMMARY

The adopted budget for Finance in FY10 reflects an overall slight increase from the previous year. The slight increase in personnel costs reflects hiring for a previously vacant Accountant position in addition to a 17.1% increase in medical insurance costs. The increase in operating costs reflects increases in credit card and banking fees, increases in tax collection fees and includes \$2,000 for arbitrage compliance.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 887,053	\$ 1,114,941	\$ 1,016,313	\$ 996,421	\$ 1,118,372	0.3%
Operating Costs	267,022	297,745	401,650	316,205	312,551	5.0%
Total	\$ 1,154,075	\$ 1,412,686	\$ 1,417,963	\$ 1,312,626	\$ 1,430,923	1.3%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 1,154,075	\$ 1,412,686	\$ 1,417,963	\$ 1,312,626	\$ 1,430,923	1.3%
Total	\$ 1,154,075	\$ 1,412,686	\$ 1,417,963	\$ 1,312,626	\$ 1,430,923	1.3%

INFORMATION TECHNOLOGY BUDGET SUMMARY

The adopted budget for the Information Technology division little overall change from the prior year in keeping with the zero increase target to address the impact of the recession on revenues in FY10. The 17.1% increase in medical insurance rates is mostly offset by reductions in temporary salaries and other operating costs, for a net change of .1%. The \$80,000 budgeted for capital purchases will allow for routine replacement of servers and backup equipment.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 582,345	\$ 764,906	\$ 649,506	\$ 686,632	\$ 732,059	-4.3%
Operating Costs	464,764	329,027	700,411	601,542	351,394	6.8%
Capital Outlay	23,861	68,000	184,940	167,300	80,000	17.6%
Total	\$ 1,070,970	\$ 1,161,933	\$ 1,534,857	\$ 1,455,474	\$ 1,163,453	0.1%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 1,070,970	\$ 1,161,933	\$ 1,534,857	\$ 1,455,474	\$ 1,163,453	0.1%
Total	\$ 1,070,970	\$ 1,161,933	\$ 1,534,857	\$ 1,455,474	\$ 1,163,453	0.1%

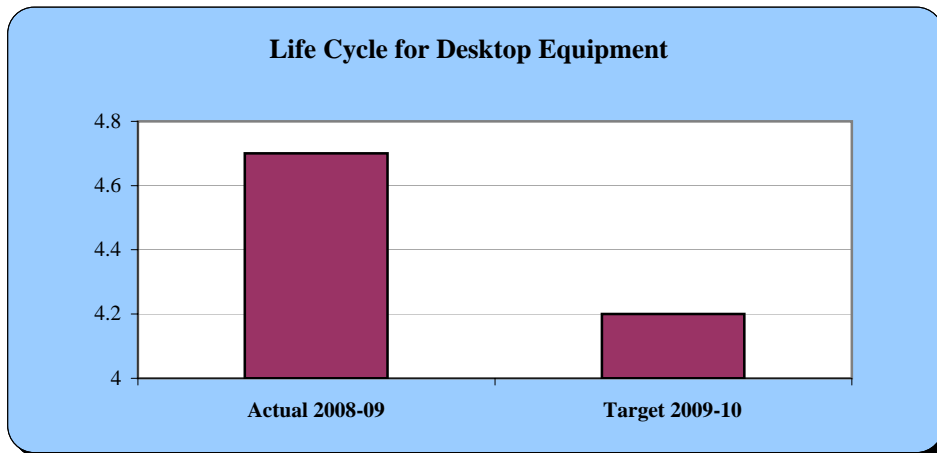
INFORMATION TECHNOLOGY TRENDS

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

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

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

The desktop computer lifecycle currently exceeds the four year goal due to growth in the number of systems in use. Improvement is projected based on a decrease in replacement costs for systems in 2009-10. This is a new goal that was adopted for FY09, therefore no historical data is available.



TOWN ATTORNEY

MISSION STATEMENT:

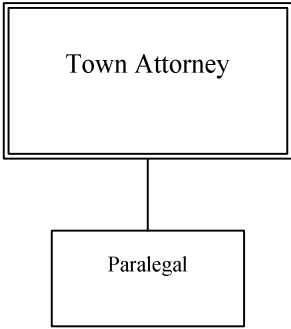
The primary mission of the Office of the Town Attorney is to protect the legal interests of the Town of Chapel Hill.

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 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, 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***

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Town Attorney	1.00	1.00	1.00
Paralegal	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 2009-10 shows little change over the prior year in keeping with the target directive of zero increase. Anticipated increases in medical insurance are offset by other budget reductions for a net change of -0.5%.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 249,167	\$ 257,824	\$ 259,769	\$ 260,276	\$ 256,771	-0.4%
Operating Costs	42,033	37,767	39,215	28,052	37,359	-1.1%
Total	\$ 291,200	\$ 295,591	\$ 298,984	\$ 288,328	\$ 294,130	-0.5%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 291,200	\$ 295,591	\$ 298,984	\$ 288,328	\$ 294,130	-0.5%
Total	\$ 291,200	\$ 295,591	\$ 298,984	\$ 288,328	\$ 294,130	-0.5%

NON-DEPARTMENTAL DIVISION BUDGET SUMMARY

The Non-Departmental Division is used to account for activities in the General Fund that are not related to other departmental functions. These activities include contributions to other agencies, transfers to other funds and liability insurance. The adopted budget includes funding for agency contributions of \$836,500, a contribution of \$400,000 toward funding the Town's OPEB liability, and continuation of the matching requirements for the SAFER grant for firefighters of \$353,100. Prior years included a transfer to the Debt Service Fund, but in 2008-09, a portion of the property tax is allocated to debt service instead. Newly budgeted beginning in FY09 is pass-through funding from the State of PEG support in lieu of cable subscriber fees, representing \$155,000 in FY10.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel Costs	\$ 10,673	\$ -	\$ 10,906	\$ 10,906	\$ 5,000	N/A
Liability Insurance	340,765	494,336	494,336	494,336	470,336	-4.9%
Operations	16,190	201,549	540,305	478,211	313,549	55.6%
Transfer to Debt Service	5,536,025	-	-	-	-	N/A
Transfer to Other Funds	405,127	180,000	207,314	113,957	181,000	0.6%
Transfer to Capital						
Improvement Funds	1,120,950	1,033,000	1,103,000	1,103,000	305,000	-70.5%
Grant Matching Funds		220,725	616,991	271,002	353,100	60.0%
Agency Contributions	839,963	812,500	935,691	905,691	836,500	3.0%
OPEB Liability Contributions	-	400,000	400,000	400,000	400,000	0.0%
Total	\$ 8,269,693	\$ 3,342,110	\$ 4,308,543	\$ 3,777,103	\$ 2,864,485	-14.3%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 8,269,693	\$ 3,342,110	\$ 4,308,543	\$ 3,777,103	\$ 2,864,485	-14.3%
Total	\$ 8,269,693	\$ 3,342,110	\$ 4,308,543	\$ 3,777,103	\$ 2,864,485	-14.3%

ENVIRONMENT & DEVELOPMENT BUDGET SUMMARY

This section includes the Planning and Public Works departments. As part of the organizational realignment, the Inspections department moved to Public Works in fiscal year 2007-08. Engineering and traffic operations become part of the Public Works budget in 2009-10 and are combined with Public Works in this presentation in prior years to facilitate comparison.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Planning	\$ 1,053,196	\$ 1,355,536	\$ 1,423,702	\$ 1,303,248	\$ 1,310,492	-3.3%
Public Works	12,955,094	11,931,449	12,887,274	12,311,561	12,046,988	1.0%
Total	\$ 14,008,290	\$ 13,286,985	\$ 14,310,976	\$ 13,614,809	\$ 13,357,480	0.5%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 11,621,135	\$ 11,413,799	\$ 12,437,790	\$ 11,823,116	\$ 11,380,988	-0.3%
Grants	106,603	-	-	-	-	N/A
Charges for Services	1,277,188	1,009,036	1,009,036	871,318	926,792	-8.2%
Licenses/Permits/Fees	841,836	710,400	710,400	756,600	891,000	25.4%
Transfers/Other Sources	161,528	153,750	153,750	163,775	158,700	3.2%
Total	\$ 14,008,290	\$ 13,286,985	\$ 14,310,976	\$ 13,614,809	\$ 13,357,480	0.5%

PLANNING DEPARTMENT

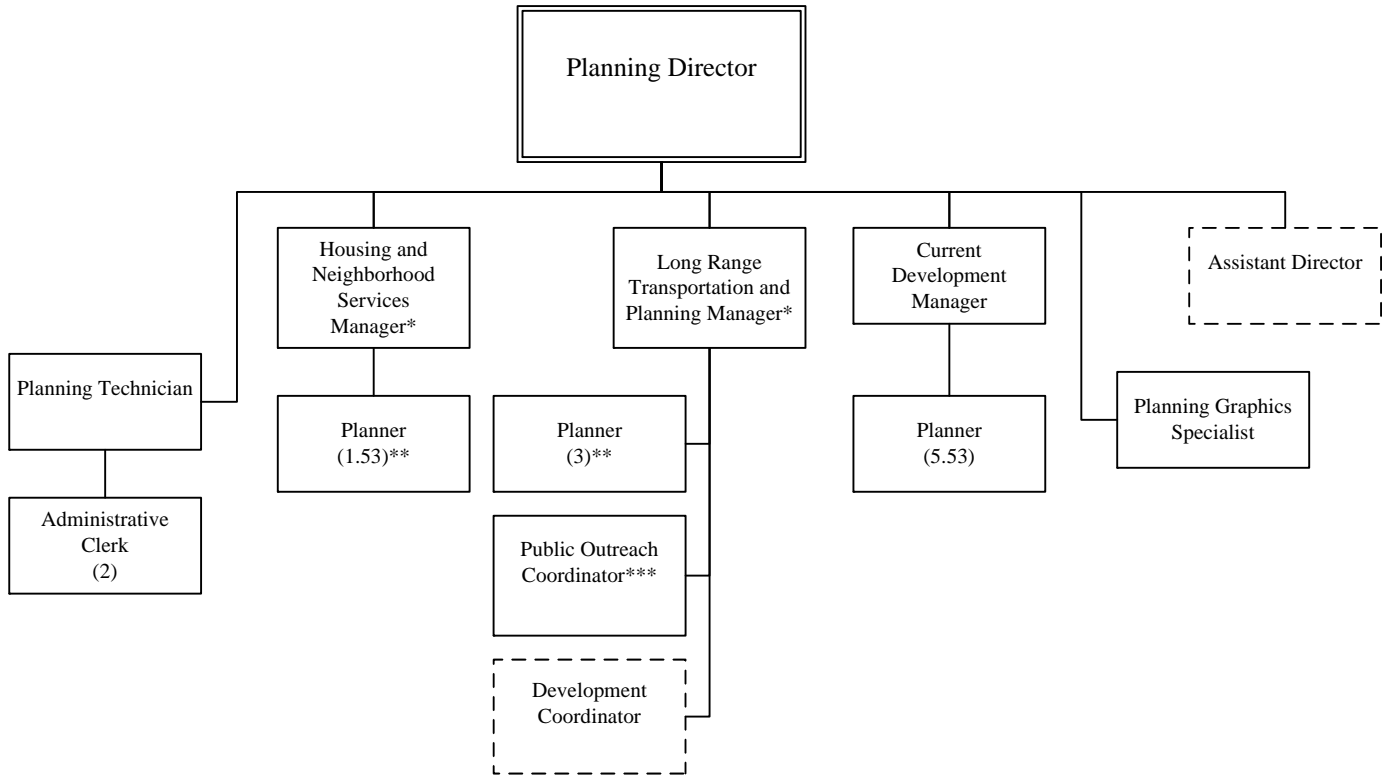
MISSION STATEMENT:

The Chapel Hill Planning Department will serve and involve the citizens of Chapel Hill as we strive to protect and enhance the community's resources. The department helps implement the Town's vision for growth, development and preservation by facilitating a process of community decision-making.

The Planning Department makes recommendations for managing growth and development in and around Chapel Hill, prepares long-range and transportation plans for consideration, evaluates development proposals to ensure consistency with regulations and plans, and issues permits. Duties of the Planning Department include:

- Revision, maintenance and amendment of Chapel Hill's Land Use Management Ordinance and Zoning Map.
- Development review, approval and permitting process.
- Long-range and transportation planning services - Comprehensive Plan, Small Area Plans, Data Book, transportation planning, regional transportation planning coordination, transportation management plan program, annexation, implement sidewalk construction plan, and special studies.
- Housing and neighborhood services – process neighborhood protection district petitions, affordable housing development, efforts to end chronic homelessness, administration of housing programs and management of funds provided by the Community Development Block Grant Program.
- Staff support to multiple Town Advisory Boards, along with additional committees and task forces.
- Citizen workshops and information.

PLANNING



*Two Manager positions are 40% funded by grants.
 **One FT Planner position is 100% grant funded, two FT Planners are 40% grant funded, and one PT Planner position is 100% grant funded.
 *** Public Outreach Coordinator is at least 50% grant funded.

PLANNING DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Director-Planning	1.00	1.00	1.00
Planning Manager ¹	2.50	2.50	3.00
Planner ²	11.06	11.06	10.06
Coordinator-Public Outreach ³	1.00	1.00	1.00
Planning Graphics Specialist	1.00	1.00	1.00
Planning Technician	1.00	1.00	1.00
Administrative Clerk	2.00	2.00	2.00
Assistant Director*	0.00	0.00	1.00
Coordinator-Development*	0.00	0.00	1.00
Planning Department Totals	<u>19.56</u>	<u>19.56</u>	<u>21.06</u>

¹Two Manager are 40% grant-funded in FY10. The increase in positions reflects changes in availability of grant funding, not the addition of new positions.

²A number of Planner positions are partially or fully grant funded in FY10 for an equivalent of 2.3 FTE's, and one Planner moved to the Town Manager's Department.

³Public Outreach Coordinator is 20% grant-funded.

*Unfunded position

PLANNING

BUDGET SUMMARY

The adopted budget for 2009-10 for the Planning Department meets the target of a zero increase to manage the decrease in revenues anticipated from the current recession. The personnel budget reflects the transfer of one Planner position to the Town Manager's budget, representing 4.9% of the Planning budget. The 17.1% increase in medical insurance rates is accommodated with decreases in workers compensation and other budgeted items. Revenues include a draft estimate of \$100,000 in development review fees related to Carolina North.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 928,690	\$ 1,155,021	\$ 1,033,154	\$ 1,026,529	\$ 1,126,351	-2.5%
Operating Costs	124,506	200,515	390,548	276,719	184,141	-8.2%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,053,196	\$ 1,355,536	\$ 1,423,702	\$ 1,303,248	\$ 1,310,492	-3.3%

REVENUES

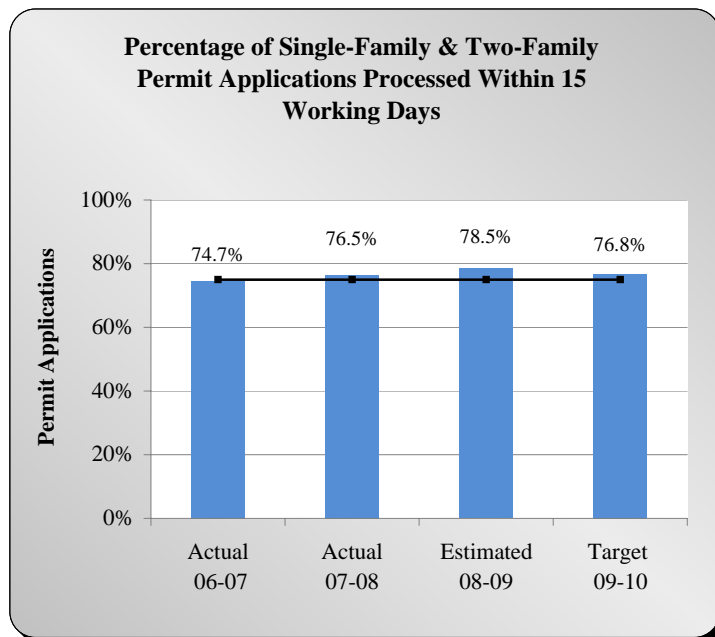
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 475,795	\$ 898,248	\$ 966,414	\$ 1,026,130	\$ 959,400	6.8%
Charges for Services	417,282	251,488	251,488	177,118	251,092	-0.2%
Licenses/Permits/Fines	160,119	205,800	205,800	100,000	100,000	-51.4%
Total	\$ 1,053,196	\$ 1,355,536	\$ 1,423,702	\$ 1,303,248	\$ 1,310,492	-3.3%

PLANNING TRENDS

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

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

OBJECTIVE: Process single-family/two-family zoning compliance permits within 15 working days



During the 2008-09 fiscal year, 78.5% of the applications for development permits received were processed within 15 working days; half the time requirement of 30 days set forth in the Town ordinance. This percentage has increased slightly from 76.5% the previous year. In fiscal year 2009-10, the Planning Department will strive to increase the percentage of Single Family Zoning Compliance Permit applications processed within 15 working days of receipt of a completed application.

PUBLIC WORKS

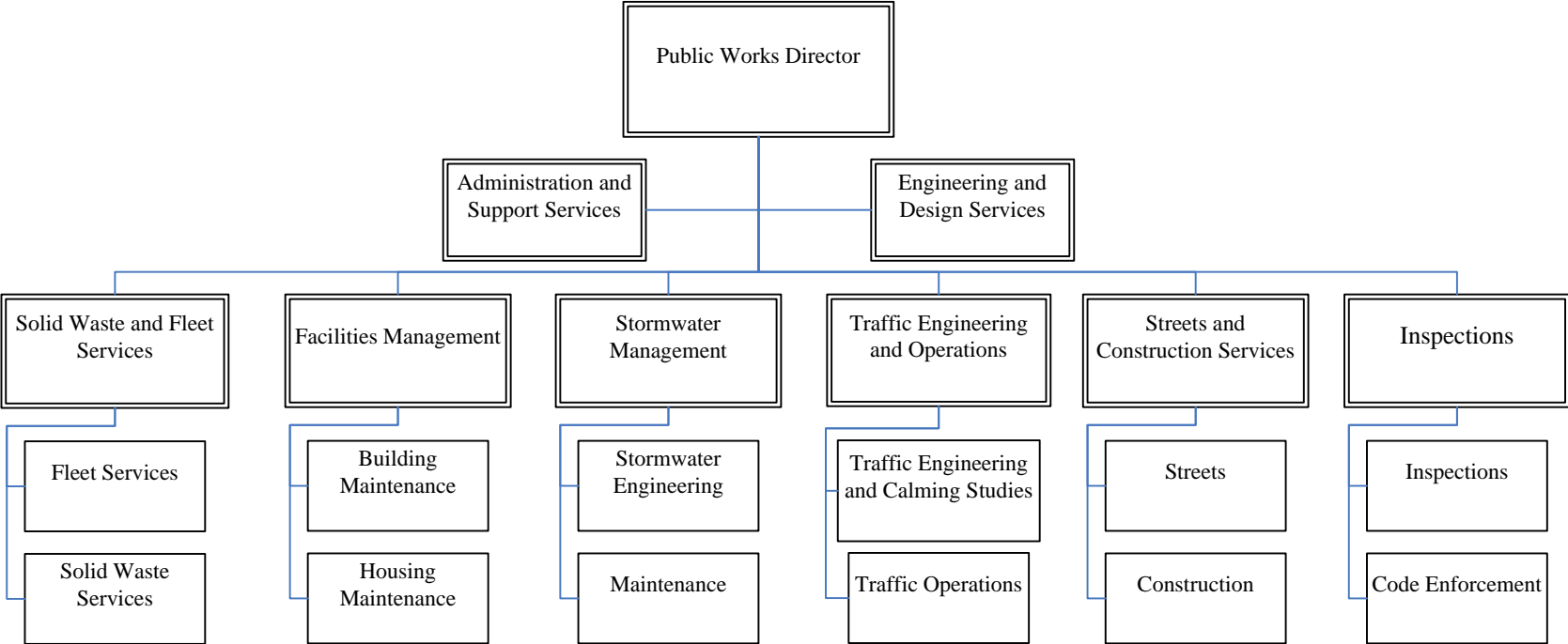
MISSION STATEMENT:

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.

Summary of services provided in support of department's mission:

- Provision of administrative and management support for technical and operational programs and services, including fiscal administration, staff training and development, safety coordination and capital programming.
- Overall review of design and development plans.
- Provision of technical engineering expertise essential for quality facilities, infrastructure and operations.
- Operation and maintenance of traffic control system.
- Inspection of physical structures to ensure compliance with state and local standards and regulations.
- Provision of safe, well-maintained rights-of-way and sound infrastructure.
- Overall maintenance of Town-owned facilities, emphasizing sustainability goals and objectives and efficient building maintenance services.
- Efficient, reliable collection of municipal solid waste, both residential and commercial, and vegetative debris throughout the Town.

PUBLIC WORKS OVERVIEW



PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
<u>Administration</u>			
Director-Public Works	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 Manager	1.00	1.00	1.00
Landscape Architect	1.00	1.00	0.00
Grounds Maintenance Architect/Urban Forester	1.00	1.00	0.00
Accounting Technician*	0.00	1.00	1.00
Administrative Secretary	0.00	0.00	1.00
Administrative Clerk	1.00	1.00	1.00
Division Totals	8.00	9.00	8.00
<u>Inspections¹</u>			
Building Inspector Manager	0.00	1.00	0.00
Assistant Director-Inspections	0.00	0.00	1.00
Chief Building Inspector	0.00	1.00	1.00
Code Enforcement Officer	0.00	1.00	1.00
Inspector (Levels I-III)	0.00	4.00	4.00
Permits Technician	0.00	1.00	1.00
Division Totals	0.00	8.00	8.00
<u>Engineering and Design Services²</u>			
Director-Eng	0.00	0.00	1.00
Engineering Coordinator-Sr	0.00	0.00	1.00
Buildings Program Manager	0.00	0.00	1.00
Survey/Project Coordinator	0.00	0.00	1.00
Engineering Design Specialist	0.00	0.00	1.00
Engineering Inspector	0.00	0.00	2.00
Landscape Architect/Urban Forester	0.00	0.00	1.00
Landscape Architect	0.00	0.00	1.00
GIS Technician-Sr	0.00	0.00	1.00
Engineering Technician	0.00	0.00	1.00
Office Manager	0.00	0.00	1.00
Project Manager*	0.00	0.00	1.00
Unit Totals	0.00	0.00	13.00
<u>Traffic Engineering and Operations</u>			
Engineering Services Manager	0.00	0.00	1.00
Engineer	0.00	0.00	1.00
Engineering Technician	0.00	0.00	1.00
Traffic Signal Technician (Levels I-III)	0.00	0.00	4.00
Sign and Marketing Technician (Levels I-II)	0.00	0.00	3.00
Unit Totals	0.00	0.00	10.00
Division Totals	0.00	0.00	23.00

PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
<i>continued</i>			
<u>Streets and Construction Services</u>			
Streets			
Superintendent-Streets/Construction/Drainage	1.00	1.00	1.00
Supervisor-Streets	1.00	1.00	1.00
Inspector-Streets	1.00	1.00	1.00
Supervisor-Streets Crew	1.00	1.00	1.00
Construction Worker (Levels I-IV)	11.00	11.00	11.00
Accounting Technician	1.00	0.00	0.00
Unit Totals	16.00	15.00	15.00
Drainage³			
Supervisor-Drainage Maintenance	1.00	0.00	0.00
Supervisor-Drainage Crew	1.00	0.00	0.00
Supervisor-Streets Cleaning Crew	1.00	0.00	0.00
Construction Worker (Levels I-IV)	4.00	0.00	0.00
Unit Totals	7.00	0.00	0.00
Construction			
Supervisor-Construction	0.00	0.00	0.00
Supervisor-Construction Crew	2.00	2.00	2.00
Construction Worker (Levels I - IV)	8.00	8.00	8.00
Unit Totals	10.00	10.00	10.00
Division Totals	33.00	25.00	25.00
<u>Sustainability and Facilities Management</u>			
Buildings			
Superintendent- Internal Services	1.00	1.00	0.00
Superintendent- Sustainability and Facilities Mgmt	0.00	0.00	1.00
Manager-Buildings Program	1.00	1.00	0.00
Supervisor-Buildings Program	1.00	1.00	1.00
Maintenance Mechanic (Levels I-III)	6.00	6.00	6.00
Maintenance Operations Specialist	1.00	1.00	1.00
Administrative Secretary ⁴	0.00	0.00	0.25
Unit Totals	10.00	10.00	9.25

PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
<i>continued</i>			
Grounds Maintenance⁵			
Superintendent-Grounds Maintenance Operations	1.00	0.00	0.00
Grounds Maintenance Architect	1.00	0.00	0.00
Supervisor-Grounds Maintenance I	2.00	0.00	0.00
Supervisor-Grounds Maintenance II	1.00	0.00	0.00
Arborist	1.00	0.00	0.00
Arborist-Assistant	1.00	0.00	0.00
Horticulturist	2.00	0.00	0.00
Right-of-Way Crew Leader	1.00	0.00	0.00
Groundskeeper (Levels I & II) / Ground Crew Leader ⁶	16.00	0.00	0.00
Construction Worker (Levels I - IV)	3.00	0.00	0.00
Unit Totals	<u>29.00</u>	<u>0.00</u>	<u>0.00</u>
Division Totals	<u>39.00</u>	<u>10.00</u>	<u>9.25</u>
 <u>Solid Waste and Fleet Services</u>			
Solid Waste			
Superintendent-Solid Waste ⁷	0.50	0.50	0.50
Supervisor-Solid Waste (Residential and Commercial)	2.00	2.00	2.00
Inspector-Solid Waste	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	14.00	14.00	14.00
Administrative Secretary	0.50	0.50	0.00
Division Totals	<u>35.00</u>	<u>35.00</u>	<u>34.50</u>
Public Works Totals	<u>115.00</u>	<u>87.00</u>	<u>107.75</u>

¹Inspections moved to the Public Works Department in 2008-09.

²Engineering and Design Services became a division of the Public Works Department in 2009-10.

³Drainage moved to the Stormwater Department in 2007-08.

⁴Position split between Building Maintenance and Vehicle Maintenance.

⁵Grounds Maintenance moved to the Parks and Recreation Department in 2008-09 to form the Landscape Services and Park Maintenance Division.

⁶One Groundskeeper is funded by the Downtown Service District.

⁷Superintendent position is split between Solid Waste and the Vehicle Maintenance Fund.

*Unfunded position

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

PUBLIC WORKS BUDGET SUMMARY

The adopted budget for the Public Works Department incorporates some major components of the Town-wide organizational realignment. One final step of this realignment includes the incorporation of Engineering and Traffic operations in the Public Works budget for 2009-10. Revenues from development-related fees and permits reflect anticipated increases of about \$286,000 over the prior year, while charges for services reflect decreases anticipated in commercial garbage receipts and street cuts revenue.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Administration	\$ 669,268	\$ 932,014	\$ 931,557	\$ 883,398	\$ 769,234	-17.5%
Inspections	682,812	755,005	776,863	705,158	808,987	7.1%
Engineering & Design	2,291,172	2,265,121	2,882,525	2,805,538	1,078,382	-52.4%
Traffic	-	-	-	-	1,500,665	N/A
Construction	680,232	877,798	1,142,233	874,059	773,514	-11.9%
Streets	1,873,635	2,057,295	2,095,145	2,021,290	2,105,888	2.4%
Drainage	234,169	-	-	-	-	N/A
Building Maintenance	1,420,943	1,512,619	1,557,460	1,450,027	1,400,081	-7.4%
Grounds Maintenance	1,813,769	-	-	-	-	N/A
Solid Waste	3,289,094	3,531,597	3,501,491	3,572,091	3,610,237	2.2%
Total	\$ 12,955,094	\$ 11,931,449	\$ 12,887,274	\$ 12,311,561	\$ 12,046,988	1.0%

REVENUES

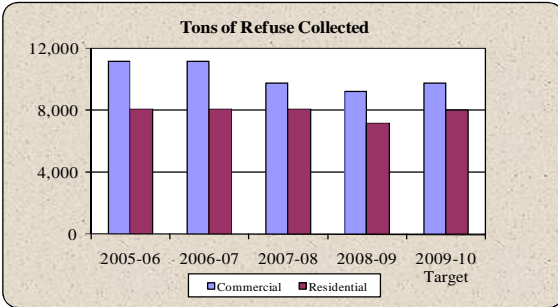
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 11,145,340	\$ 10,515,551	\$ 11,471,376	\$ 10,796,986	\$ 10,421,588	-0.9%
Grants	106,603	-	-	-	-	N/A
Charges for Services	859,906	757,548	757,548	694,200	675,700	-10.8%
Licenses/Permits/Fines	681,717	504,600	504,600	656,600	791,000	56.8%
Transfers/Other Sources	161,528	153,750	153,750	163,775	158,700	3.2%
Total	\$ 12,955,094	\$ 11,931,449	\$ 12,887,274	\$ 12,311,561	\$ 12,046,988	1.0%

PUBLIC WORKS

TRENDS

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

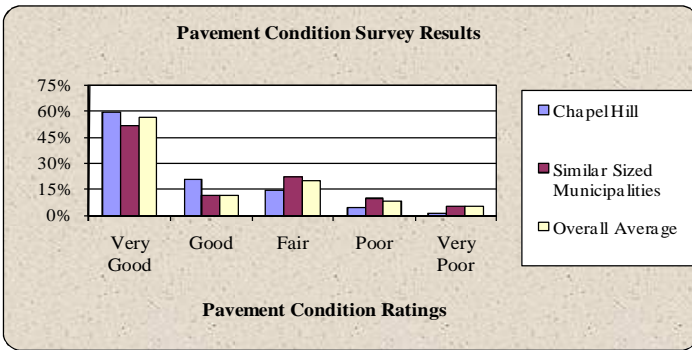
GOAL: To provide 100% of the commercial and residential customers with on-time, same day service for all collection points while responding to the change in refuse needs.



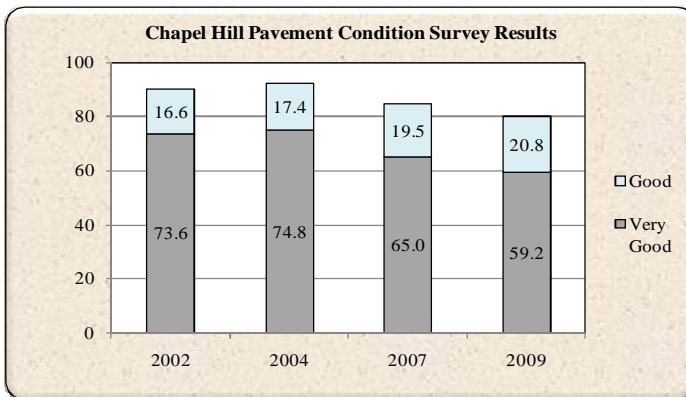
The Public Works Department maintained on-time service 100% of the time*; total quantities of commercial and residential refuse collected were down 5.8% and 6.3% respectively in 2008-09.

*with the exception of rescheduling due to inclement weather

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



The Institute for Traffic Research and Education survey reflects comparative pavement conditions among localities state wide. The "Similar Sized Municipalities" ratings represent the weighted average ratings of 4 municipalities similar in size to the Town of Chapel Hill in the number of miles of pavement. The "Overall Average" is a weighted average of 27 municipalities, excluding the Town of Chapel Hill. The most recent data for this study is fiscal year 2008-09.



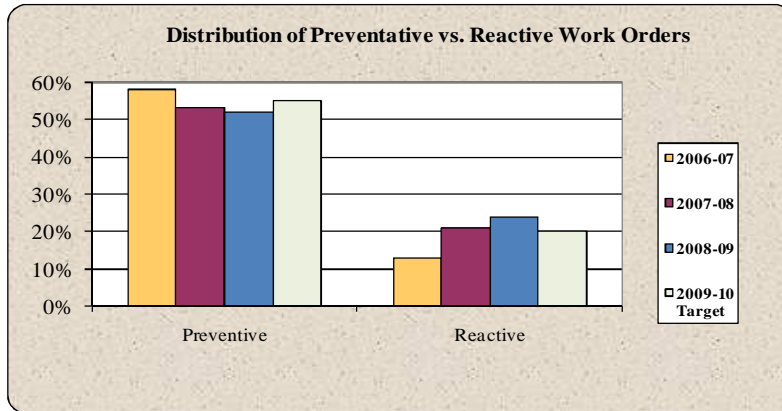
In 2008-09 59.2% of Chapel Hill streets were rated "very good," a 5.8% decrease from 2006-07. In all years rated, poor and very poor streets in Chapel Hill were always below 6.0%, with less than 1.5% rated very poor and 4.2% rated poor in 2006-07. Chapel Hill pavement conditions consistently rate well above average compared to 17 North Carolina municipalities that participated in the UNC School of Government's Performance Measurement Project. However, the trend suggests that the Town's pavement conditions will continue to deteriorate unless corrective action is taken.

PUBLIC WORKS

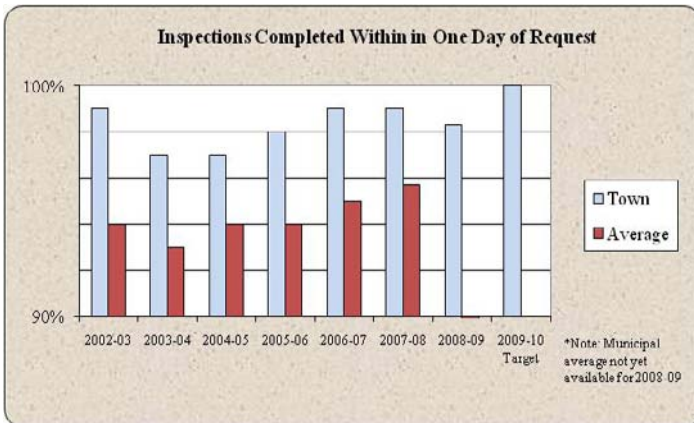
TRENDS *Cont.*

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

The operational goals were met with 52% of work in the preventive maintenance category in 2008-09. In comparison, only 24% of work orders were in the reactive (unscheduled) maintenance category in 2008-09.



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



In 2008-09, 98% of inspections were completed within one business day of the request. Chapel Hill is consistently higher than the average, based on data from other NC municipalities compiled by the UNC School of Government. (Note: municipal average not available for 2008-09.)

PUBLIC WORKS - Administration Division

BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure decrease of 17.5% from last year's budget. This decrease is largely the result of an internal reorganization, moving two positions and related operating funds to other divisions within Public Works. The budget incorporates a 17.1% increase in medical insurance costs.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 549,196	\$ 813,208	\$ 711,208	\$ 707,298	\$ 652,634	-19.7%
Operating Costs	120,072	118,806	220,349	176,100	116,600	-1.9%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 669,268	\$ 932,014	\$ 931,557	\$ 883,398	\$ 769,234	-17.5%

PUBLIC WORKS - Inspections Division
BUDGET SUMMARY

The adopted budget for the Inspections division reflects a 7.1% increase overall, primarily for software costs and additional temporary salaries, as well as incorporating the 17.1% increase in medical insurance. The budget includes a three month vacancy in the senior inspector position.

EXPENDITURES

	<i>2007-08 Actual*</i>	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 588,697	\$ 615,729	\$ 587,529	\$ 568,858	\$ 659,787	7.2%
Operating Costs	94,115	139,276	189,334	136,300	149,200	7.1%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 682,812	\$ 755,005	\$ 776,863	\$ 705,158	\$ 808,987	7.1%

** Inspections was a separate department in 2007-08, but is shown with Public Works for ease of comparison.*

PUBLIC WORKS - Engineering and Design Services
BUDGET SUMMARY

As part of the Town-wide organizational realignment, Engineering and Design Services becomes a division of Public Works in the 2009-10 budget, replacing the separate Engineering department. For FY08 and FY09, the Engineering department oversaw both engineering and traffic operations, but Traffic is presented in a separate division of Public Work for FY10. The adopted budget for the Engineering and Design Services division includes three positions transferred from other divisions of Public Works as part of the organizational change. One administrative position transfers to Parks and Recreation and ten Traffic positions transfer to the Traffic division of Public Works.

EXPENDITURES

	<i>2007-08 Actual*</i>	<i>2008-09 Original Budget*</i>	<i>2008-09 Revised Budget*</i>	<i>2008-09 Estimated*</i>	<i>2009-10 Adopted Budget</i>	<i>% Change from 2008-09</i>
Personnel	\$ 1,328,329	\$ 1,411,247	\$ 1,366,197	\$ 1,349,001	\$ 923,482	-34.6%
Operating Costs	938,043	853,874	1,447,680	1,389,137	154,900	-81.9%
Capital Outlay	24,800	-	68,648	67,400	-	N/A
Total	\$ 2,291,172	\$ 2,265,121	\$ 2,882,525	\$ 2,805,538	\$ 1,078,382	-52.4%

* Engineering was a separate department prior to 2009-10, but is shown with Public Works for ease of comparison.

PUBLIC WORKS - Traffic

BUDGET SUMMARY

For FY08 and FY09, traffic operations were included in the Engineering budget, but as part of the Town-wide organizational realignment, Traffic is presented in a separate division of Public Work for FY10. The adopted budget for Traffic includes ten positions transferred from Engineering. The budget incorporates the 17.1% increase in medical insurance, and includes an increase of \$19,600 over the prior year for electricity for street lighting.

EXPENDITURES

	<i>2007-08 Actual*</i>	<i>2008-09 Original Budget*</i>	<i>2008-09 Revised Budget*</i>	<i>2008-09 Estimated*</i>	<i>2009-10 Adopted Budget</i>	<i>% Change from 2008-09</i>
Personnel	\$ -	\$ -	\$ -	\$ -	\$ 730,565	N/A
Operating Costs	-	-	-	-	770,100	N/A
Capital Outlay	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ 1,500,665	N/A

* Traffic was included in the Engineering Department budget prior to 2009-10.

PUBLIC WORKS - Construction Unit
BUDGET SUMMARY

The adopted budget for the Construction Division reflects a 17.2% decrease in personnel costs, reflecting the freezing of vacant positions, partially offset by the 17.1% increase in medical insurance costs.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 509,944	\$ 572,022	\$ 521,672	\$ 495,359	\$ 473,414	-17.2%
Operating Costs	170,288	305,776	620,561	378,700	300,100	-1.9%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 680,232	\$ 877,798	\$ 1,142,233	\$ 874,059	\$ 773,514	-11.9%

PUBLIC WORKS - Streets Unit
BUDGET SUMMARY

The adopted budget for the Streets Division reflects an overall expenditure increase of 2.4% over last year's budget. This increase is largely due to the 17.1% increase in medical insurance cost for employees and retirees and temporary salaries to compensate for other positions held vacant. The Streets budget includes a \$50,000 reserve as insurance against fuel price increases for FY10.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 807,746	\$ 888,376	\$ 863,997	\$ 875,090	\$ 928,988	4.6%
Operating Costs	1,059,789	1,156,919	1,219,148	1,134,200	1,164,900	0.7%
Capital Outlay	6,100	12,000	12,000	12,000	12,000	0.0%
Total	\$ 1,873,635	\$ 2,057,295	\$ 2,095,145	\$ 2,021,290	\$ 2,105,888	2.4%

PUBLIC WORKS - Drainage Unit
BUDGET SUMMARY

The Drainage division was transferred from the Public Works Department to the Stormwater Management Fund in 2008-09, and appears as the Maintenance division of Stormwater in the adopted budget for 2009-10.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 144,477	\$ -	\$ -	\$ -	\$ -	N/A
Operating Costs	89,692	-	-	-	-	N/A
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 234,169	\$ -	\$ -	\$ -	\$ -	N/A

PUBLIC WORKS - Building Maintenance Unit
BUDGET SUMMARY

The adopted budget for the Building Maintenance Division reflects a 19.6% decrease in personnel costs due to the transfer of a position to the Engineering and Design Services division. The budget also provides for holding the Buildings Supervisor position vacant for three months. The operating budget includes an increase for site lighting at the Town Operations Center.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 584,735	\$ 691,176	\$ 639,676	\$ 595,527	\$ 555,381	-19.6%
Operating Costs	836,208	821,443	911,463	848,200	844,700	2.8%
Capital Outlay	-	-	6,321	6,300	-	N/A
Total	\$ 1,420,943	\$ 1,512,619	\$ 1,557,460	\$ 1,450,027	\$ 1,400,081	-7.4%

PUBLIC WORKS - Grounds Maintenance Unit
BUDGET SUMMARY

The Grounds Maintenance division transferred to Parks and Recreation in the 2008-09 budget, and appears as the Maintenance division of Parks and Recreation in the adopted budget for 2009-10.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 1,309,934	\$ -	\$ -	\$ -	\$ -	N/A
Operating Costs	503,835	-	-	-	-	N/A
Capital Outlay						N/A
Total	\$ 1,813,769	\$ -	\$ -	\$ -	\$ -	N/A

PUBLIC WORKS - Solid Waste Services Unit
BUDGET SUMMARY

The adopted budget for the Solid Waste Division includes a 2.2% increase in personnel costs, reflecting the 17.1% increase in medical insurance cost. Operating costs include \$20,000 for anticipated increases in landfill fees of \$1 per ton for municipal solid waste and \$3 per ton for vegetative waste.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 1,694,082	\$ 1,826,420	\$ 1,860,020	\$ 1,833,691	\$ 1,865,937	2.2%
Operating Costs	1,580,654	1,705,177	1,641,471	1,738,400	1,744,300	2.3%
Capital Outlay	14,358	-	-	-	-	N/A
Total	\$ 3,289,094	\$ 3,531,597	\$ 3,501,491	\$ 3,572,091	\$ 3,610,237	2.2%

PUBLIC SAFETY
BUDGET SUMMARY

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

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Police	\$ 11,228,269	\$ 12,073,399	\$ 12,206,165	\$ 11,464,374	\$ 12,138,197	0.5%
Fire	6,614,459	7,081,622	7,117,716	6,804,096	7,296,270	3.0%
Total	\$ 17,842,728	\$ 19,155,021	\$ 19,323,881	\$ 18,268,470	\$ 19,434,467	1.5%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Fund	\$ 17,430,661	\$ 18,808,374	\$ 18,975,234	\$ 17,858,573	\$ 19,031,670	1.2%
Grants	30,867	2,132	4,132	2,132	2,132	0.0%
Charges for Services	281,553	281,865	281,865	304,165	304,165	7.9%
Licenses/Permits/Fines	99,502	62,500	62,500	103,600	96,500	54.4%
Transfers/Other Sources	145	150	150	-	-	-100.0%
Total	\$ 17,842,728	\$ 19,155,021	\$ 19,323,881	\$ 18,268,470	\$ 19,434,467	1.5%

CHAPEL HILL POLICE DEPARTMENT

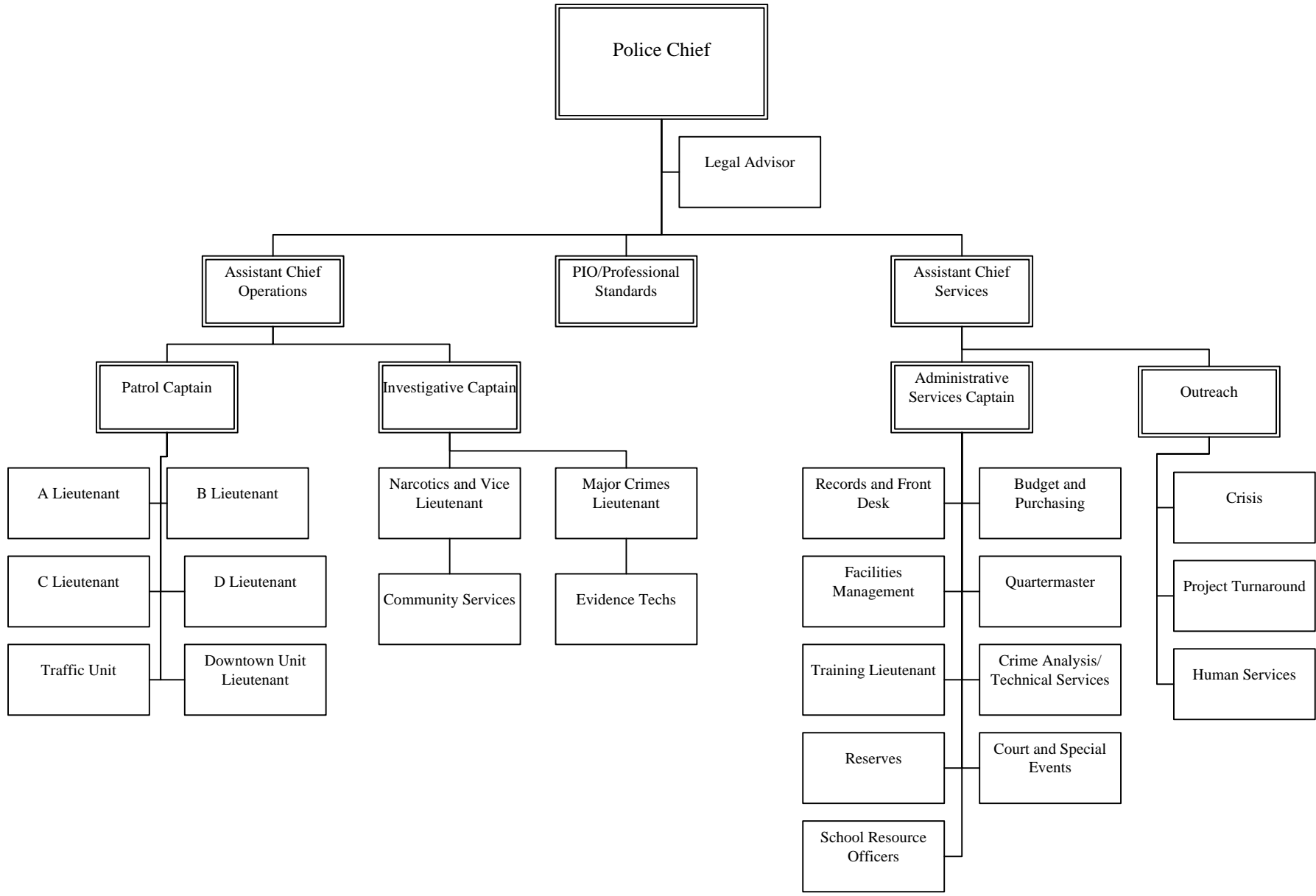
MISSION STATEMENT:

The primary mission of the Police Department is to preserve and protect life and property and enhance the quality of life in our community through the fair and effective delivery of services.

Summary of services provided in support of department's mission:

- Emergency responses to medical and public risk situations and assistance to victims of crimes.
- Operation of police substations for maintaining police visibility and providing customer service in commercial and residential areas.
- On-foot and bicycle patrols in the downtown and adjacent residential neighborhoods.
- Response to and investigation of reported crimes against persons and property, including sexual assaults, child abuse/neglect, domestic disputes, and other disturbance calls.
- Traffic enforcement and education with emphasis on high-risk locations and the prevention and detection of speeding and driving while impaired offenses.
- Community services and crime prevention to include regular participation in neighborhood watch meetings and youth outreach.
- Maintenance of public records and information.
- Public housing resident services and human services.
- Crime analysis, police workload analysis and research.
- 24-hour response to citizens in crisis situations. Services include: emergency and short-term counseling, providing information to citizens and referrals to other agencies as needed and mediating conflicts.
- Management of special events and coordination with other agencies (street fairs and celebrations, parades, marches, athletic events and concerts).
- Technology services.

POLICE DEPARTMENT



POLICE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Support Services			
Police Chief	1.00	1.00	1.00
Assistant Police Chief	0.00	0.00	1.00
Police Attorney/Legal Advisor	1.00	1.00	1.00
Administrative Services Supervisor**	1.00	1.00	1.00
Police Analyst	1.00	1.00	1.00
Crisis Unit Supervisor	1.00	1.00	1.00
Crisis Counselor*	3.00	3.00	3.00
Human Services Coordinator	1.00	1.00	1.00
Senior Information Technology Analyst	1.00	1.00	1.00
Alternative Sentencing Coordinator*	1.00	1.00	1.00
Resident Activities Coordinator	1.00	1.00	1.00
Substance Abuse Counselor*	0.00	0.00	0.00
Records Supervisor	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Alternative Sentencing Assistant*	3.00	3.00	3.00
Information Services Technician	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00
Records Technician	1.00	1.00	1.00
Customer Service Technician	4.00	4.00	4.00
Division Totals	<u>24.00</u>	<u>24.00</u>	<u>25.00</u>
Operations			
Assistant Police Chief	0.00	0.00	1.00
Police Major**	1.00	1.00	1.00
Police Captain	3.00	3.00	3.00
Police Lieutenant	9.00	9.00	9.00
Police Sergeant	13.00	13.00	13.00
Senior Forensic and Evidence Specialist	1.00	1.00	-
Forensic and Evidence Specialist	1.00	1.00	2.00
Police Officer	90.00	90.00	90.00
Division Totals	<u>118.00</u>	<u>118.00</u>	<u>119.00</u>
Police Department Totals	<u><u>142.00</u></u>	<u><u>142.00</u></u>	<u><u>144.00</u></u>

Increase in FTEs due to the addition of 2 Assistant Police Chiefs

*One Crisis Counselor, one Alternative Sentencing Assistant and the Substance Abuse Counselor are grant funded.

**Unfunded positions

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. Revenues from grants were moved to a separate Grants Fund in 2007-08. Revenues are expected to remain largely unchanged overall in 2009-10. Changes relating to expenditures are noted on division summaries.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 9,551,045	\$ 10,137,630	\$ 9,903,489	\$ 9,606,974	\$ 10,260,483	1.2%
Operating Costs	1,677,224	1,935,769	2,302,676	1,857,400	1,877,714	-3.0%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 11,228,269	\$ 12,073,399	\$ 12,206,165	\$ 11,464,374	\$ 12,138,197	0.5%

REVENUES

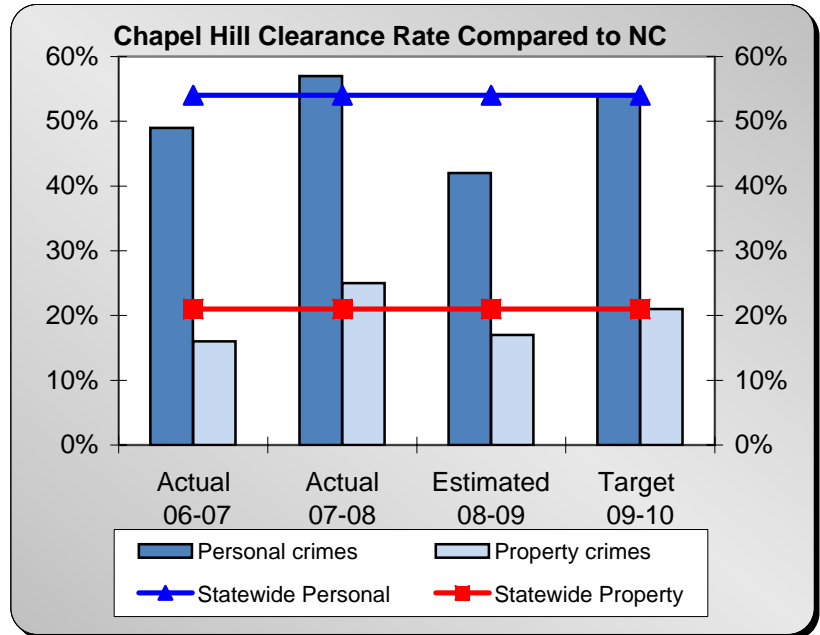
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 10,839,895	\$ 11,733,789	\$ 11,866,555	\$ 11,079,207	\$ 11,761,030	0.2%
Grants	26,603	-	-	-	-	N/A
Charges for Services	281,109	281,110	281,110	303,667	303,667	8.0%
Licenses/Permits/Fines	80,662	58,500	58,500	81,500	73,500	25.6%
Total	\$ 11,228,269	\$ 12,073,399	\$ 12,206,165	\$ 11,464,374	\$ 12,138,197	0.5%

POLICE TRENDS

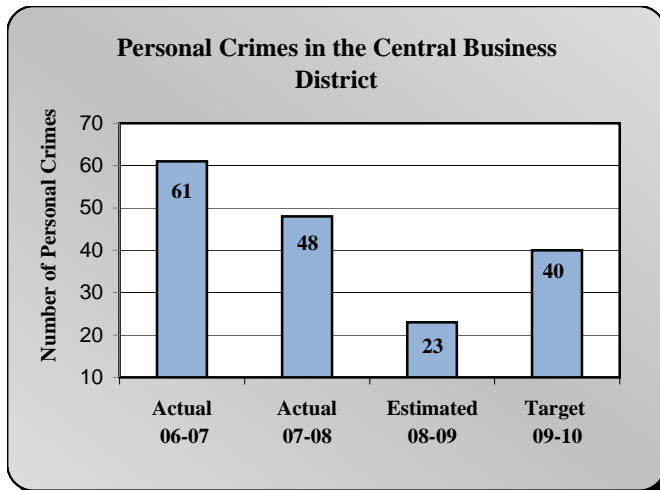
COUNCIL SERVICE GOAL: Provide protection and public safety.

OBJECTIVE: Meet the statewide clearance rate for major crimes.

In fiscal year 2008-09, the clearance rate for personal crimes 42%; the goal was a 54% statewide clearance rate. The clearance rate for property crimes was 17%, with the goal being a 21% rate. During the 2009-10 fiscal year, the Police Department will review cases and investigation procedures in order to improve clearance rates.



OBJECTIVE : Decrease major personal crimes in the central business district by 10%.



Reported major personal crimes (homicide, rape, robbery, and aggravated assault) in the central business district decreased in FY09, for the second year in a row. The reduction was better than the goal for the year (45), and represents a 53% decrease from last year. The Police Department will work to decrease personal crime further through a more visible police presence in the downtown, particularly officers on bicycles and on foot. The department will also work with other agencies, businesses and the university to address downtown crime and quality of life issues.

POLICE - Support Services Division
BUDGET SUMMARY

The adopted budget for the Support Services Division reflects a slight increase overall. The increase in personnel costs reflects the 17.1% increase in medical insurance and for departmental reorganization, partially offset by savings in contracted custodial services and reductions in miscellaneous other operating costs.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 1,480,317	\$ 1,549,246	\$ 1,431,320	\$ 1,398,129	\$ 1,615,890	4.3%
Operating Costs	582,399	623,774	710,491	588,301	593,440	-4.9%
Total	\$ 2,062,716	\$ 2,173,020	\$ 2,141,811	\$ 1,986,430	\$ 2,209,330	1.7%

POLICE - Operations Division
BUDGET SUMMARY

The adopted budget for the Operations Division includes little change overall, despite the 17.1% increase in medical insurance and a 2.8% increase in costs for the operation of vehicles added to the Police fleet in FY09, which were offset by reductions in fuel cost, workers compensation and temporary agency assistance.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 8,070,728	\$ 8,588,384	\$ 8,472,169	\$ 8,208,845	\$ 8,644,593	0.7%
Operating Costs	950,965	1,149,395	1,280,494	1,121,824	1,136,974	-1.1%
Total	\$ 9,021,693	\$ 9,737,779	\$ 9,752,663	\$ 9,330,669	\$ 9,781,567	0.4%

POLICE - Special Events
BUDGET SUMMARY

The Special Events division was established in 2007-08 to track the cost of additional police presence at special events including impromptu University of North Carolina student celebrations, Halloween and Festifall. Current year estimates were within budget at the time the Police budget was in preparation, due to successful efforts to contain the downtown Halloween celebration.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating Costs	143,860	162,600	311,691	147,275	147,300	-9.4%
Total	\$ 143,860	\$ 162,600	\$ 311,691	\$ 147,275	\$ 147,300	-9.4%

FIRE DEPARTMENT

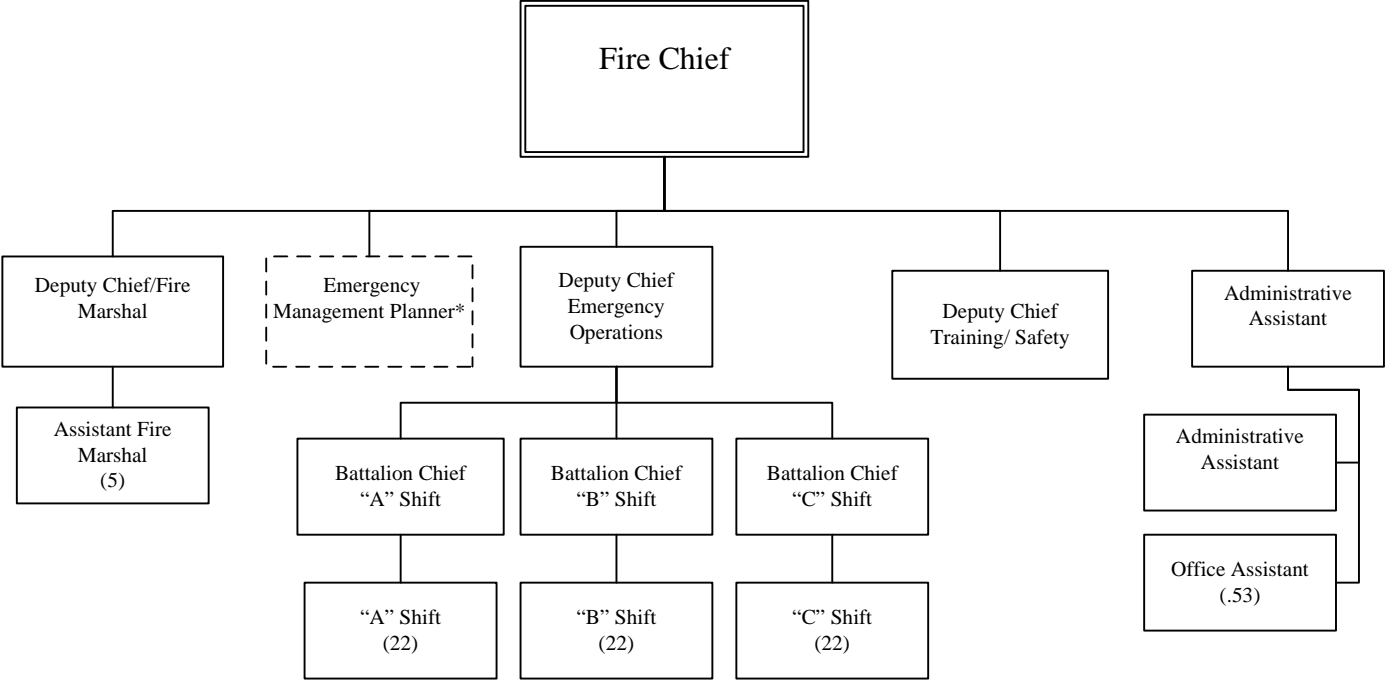
MISSION STATEMENT:

The primary mission of the Chapel Hill Fire Department is to protect life, property and the community environment from the destructive effects of fire, disasters or other life hazards by providing public education, incident prevention and emergency response services.

The priorities of the Chapel Hill Fire Department include safety, service and morale. Duties and services of the Fire Department include:

- Fire suppression.
- First responder - emergency medical.
- Vehicle extrication and basic rescue.
- Fire code enforcement through an inspection program.
- Disaster management and emergency operations center.
- Participation in regional Urban Search & Rescue Team.
- Public education through in-house and out-reach programs.
- Fire cause and determination investigations.
- Contact department for citizens' inquiries on safety.
- Development of domestic preparedness capability.
- Special events management.

FIRE



* Unfunded Position

***FIRE DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS***

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Administration			
Fire Chief	1.00	1.00	1.00
Deputy Fire Chief	1.00	1.00	1.00
Administrative Captain/Fire	1.00	1.00	1.00
Administrative Assistant	1.00	1.00	1.00
Office Assistant	0.53	0.53	0.53
Emergency Management Planner*	0.00	0.00	1.00
Division Totals	<u>4.53</u>	<u>4.53</u>	<u>5.53</u>
Emergency Operations			
Deputy Fire Chief	1.00	1.00	1.00
Battalion Fire Chief	3.00	3.00	3.00
Fire Captain ¹	18.00	15.00	18.00
Fire Equipment Operator/Firefighter ^{1,2}	63.00	63.00	60.00
Division Totals	<u>85.00</u>	<u>82.00</u>	<u>82.00</u>
Life Safety			
Deputy Fire Chief (Fire Marshal)	1.00	1.00	1.00
Assistant Fire Marshal ²	2.00	5.00	5.00
Division Totals	<u>3.00</u>	<u>6.00</u>	<u>6.00</u>
Fire Department Totals	<u><u>92.53</u></u>	<u><u>92.53</u></u>	<u><u>93.53</u></u>

*Unfunded position

¹ Three Fire Captain positions and nine Firefighter positions are grant-funded.

² Three Fire Captain positions moved from Emergency Operations division to Life Safety division in 2008-09, as Assistant Fire Marshal positions at same grade.

FIRE

BUDGET SUMMARY

While the Fire Department generates revenues from grants, charges for services, and licenses, permits and fines, the majority of the revenues are not department specific. Revenues are expected to remain largely unchanged overall in 2009-10. Changes relating to expenditures are noted on division summaries.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 5,609,214	\$ 5,954,654	\$ 5,796,784	\$ 5,715,803	\$ 6,253,086	5.0%
Operating Costs	995,445	1,126,968	1,305,480	1,072,841	1,043,184	-7.4%
Capital Outlay	9,800	-	15,452	15,452	-	N/A
Total	\$ 6,614,459	\$ 7,081,622	\$ 7,117,716	\$ 6,804,096	\$ 7,296,270	3.0%

REVENUES

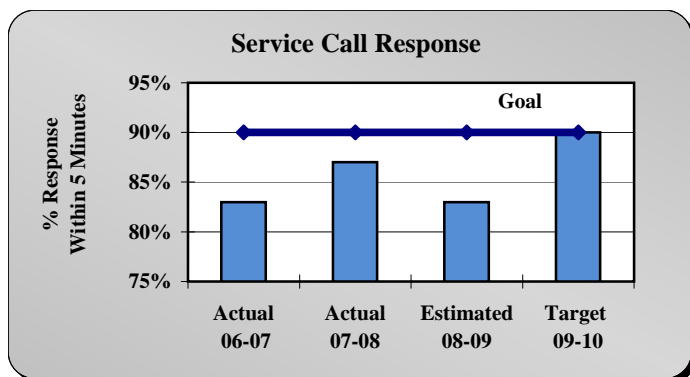
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 6,590,766	\$ 7,074,585	\$ 7,108,679	\$ 6,779,366	\$ 7,270,640	2.8%
Grants	4,264	2,132	4,132	2,132	2,132	0.0%
Charges for Services	444	755	755	498	498	-34.0%
Licenses/Permits/Fines	18,840	4,000	4,000	22,100	23,000	475.0%
Transfers/Other Sources	145	150	150	-	-	-100.0%
Total	\$ 6,614,459	\$ 7,081,622	\$ 7,117,716	\$ 6,804,096	\$ 7,296,270	3.0%

FIRE TRENDS

COUNCIL SERVICE GOAL: Provide protection and public safety.

GOAL: Mitigate loss of property and life by responding to service calls promptly.

OBJECTIVE: Respond to 90% of calls for service within five minutes.

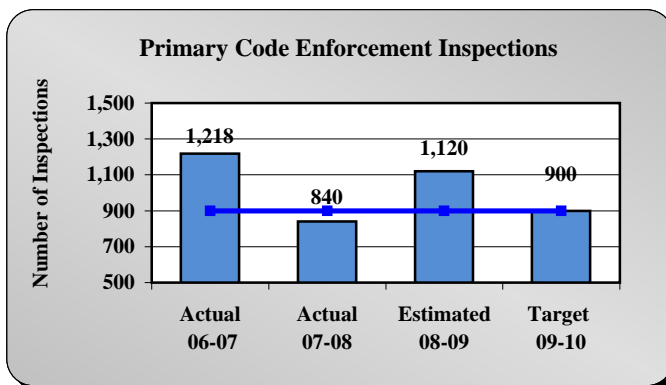


In fiscal year 2008-09, the response to service calls within five minutes decreased from 87% to 83%. The decrease is due to an increased commitment to training, which ties up units out of their first due area due in part to logistical issues with training.

GOAL: Reduce preventable fire hazards.

OBJECTIVE: Conduct 900 primary code enforcement inspections in commercial buildings.

In fiscal year 2008-09, fire crews conducted 1,120 primary code enforcement inspections and will continue efforts to conduct at least 900 primary inspections in fiscal year 2009-10.



FIRE - Administration Division
BUDGET SUMMARY

The adopted budget for Fire Administration reflects a decrease of 5.6% from last year's budget. Reductions in overtime, temporary salaries and workers compensation costs more than offset the 17.1% increase in medical costs. The 20.6% decrease in operating costs is intended to offset increases in Emergency Operations salaries resulting from the formulated decrease of the SAFER grant for firefighters in FY10. This planned reduction is achieved by reducing planned expenditures for supplies, equipment and maintenance of buildings and equipment.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 419,089	\$ 441,322	\$ 441,672	\$ 424,233	\$ 429,849	-2.6%
Operating Costs	80,170	88,623	88,273	79,866	70,385	-20.6%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 499,259	\$ 529,945	\$ 529,945	\$ 504,099	\$ 500,234	-5.6%

FIRE - Emergency Operations Division
BUDGET SUMMARY

The adopted budget for the Emergency Operations Division reflects an increase in personnel costs due primarily to the decreasing share paid by the SAFER grant for the 12 additional firefighters it covers. The grant begins by paying 100% and over five years, pays a decreasing share of the costs of the additional personnel. Operating expenditures have been reduced as much as possible in order to compensate in this difficult budget year.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 4,922,613	\$ 4,963,183	\$ 4,835,304	\$ 4,805,924	\$ 5,269,469	6.2%
Operating Costs	899,748	1,020,051	1,166,149	977,472	960,494	-5.8%
Capital Outlay	9,800	-	15,452	15,452	-	N/A
Total	\$ 5,832,161	\$ 5,983,234	\$ 6,016,905	\$ 5,798,848	\$ 6,229,963	4.1%

FIRE - Life Safety Division
BUDGET SUMMARY

Reductions in workers compensation premiums and specialized supplies keep the adopted budget for Life Safety to 0.4% decrease while medical insurance costs increase 17.1%.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 267,512	\$ 550,149	\$ 519,808	\$ 485,646	\$ 553,768	0.7%
Operating Costs	15,527	18,294	51,058	15,503	12,305	-32.7%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 283,039	\$ 568,443	\$ 570,866	\$ 501,149	\$ 566,073	-0.4%

LEISURE

BUDGET SUMMARY

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

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Parks and Recreation	\$ 2,522,136	\$ 5,550,595	\$ 5,692,799	\$ 5,432,027	\$ 5,823,996	4.9%
Library	2,196,065	2,358,636	2,449,237	2,263,009	2,373,932	0.6%
Total	\$ 4,718,201	\$ 7,909,231	\$ 8,142,036	\$ 7,695,036	\$ 8,197,928	3.7%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 3,758,658	\$ 6,942,300	\$ 7,175,105	\$ 6,690,519	\$ 7,150,760	3.0%
Grants	372,564	372,231	372,231	369,468	369,468	-0.7%
Charges for Services	377,638	387,700	387,700	432,049	489,700	26.3%
Licenses/Permits/Fines	152,890	150,000	150,000	120,000	100,000	-33.3%
Transfers/Other Sources	56,451	57,000	57,000	83,000	88,000	54.4%
Total	\$ 4,718,201	\$ 7,909,231	\$ 8,142,036	\$ 7,695,036	\$ 8,197,928	3.7%

PARKS AND RECREATION DEPARTMENT

MISSION STATEMENT:

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

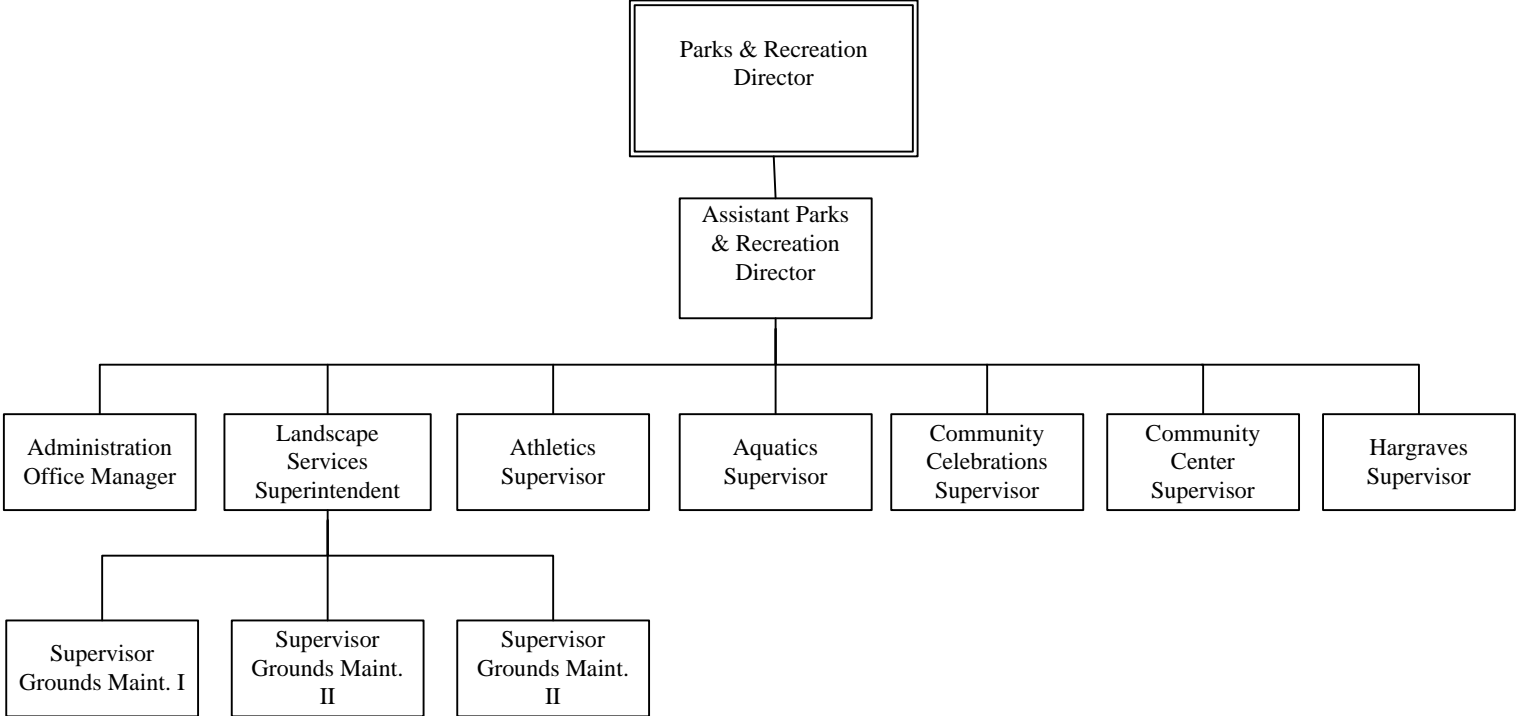
The Parks and Recreation Department provides a variety of services to the citizens of Chapel Hill. Some of these services include:

- Youth and adult sports activities through league play, clinics, and drop-in free play including but not limited to: basketball, flag and tackle football, lacrosse, softball, volleyball, tennis, swimming, bocce ball and Little League Baseball.
- Programs such as pottery, kayaking, karate, aqua-aerobics, teen club, scuba diving, magic, holiday arts, summer camps, rock climbing, dance, cheerleading, family fun days, and music events for all ages and abilities.
- Special events such as the Fourth of July Celebration, Festifall, Locally Grown Concert Series and Movies on the Plaza.
- Scheduled grounds maintenance at parks, cemeteries, parking lots, public facilities, Public Housing and other public locations.
- Maintenance of right-of-ways through replacement of trees and shrubs and mowing of road shoulders.
- Maintenance and inspection of Town playgrounds, including equipment at parks and public housing sites, to assure that playground safety standards are met.

The key facilities of the Parks and Recreation Department are as follows:

- Fifteen parks with picnic and playground equipment
- Homestead Aquatic Center
- Two community centers (one with an indoor pool and one with an outdoor pool)
- Four gymnasiums
- Outdoor gardens, athletic fields, tennis courts, volleyball courts, bocce-ball courts, and basketball courts
- Skateboard park/batting cage facility
- Extensive trail network with paved and natural surfaces
- Numerous open space areas
- Two Dog parks

Parks & Recreation



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

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Administration			
Director-Parks & Recreation	1.00	1.00	1.00
Assistant Director-Parks and Recreation	1.00	1.00	1.00
Office Manager	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00
Office Assistant	0.60	0.60	0.60
Division Totals	<u>4.60</u>	<u>4.60</u>	<u>4.60</u>
Landscap Services and Park Maintenance			
Superintendent-Grounds Maintenance Operations	0.00	1.00	1.00
Supervisor-Grounds Maintenance I	0.00	2.00	2.00
Supervisor-Grounds Maintenance II	0.00	1.00	1.00
Arborist	0.00	1.00	1.00
Arborist-Assistant	0.00	1.00	1.00
Horticulturist	0.00	2.00	2.00
Right-of-Way Crew Leader	0.00	1.00	1.00
Groundskeeper (Levels I & II) / Ground Crew Leader ¹	0.00	17.00	17.00
Administrative Technician	0.00	0.00	1.00
Maintenance Assistant ²	0.00	0.00	1.00
Construction Worker (Levels I - IV)	0.00	3.00	2.00
Division Totals	<u>0.00</u>	<u>29.00</u>	<u>30.00</u>
Athletics			
Superintendent-Recreation*	0.00	0.00	1.00
Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	2.53	2.53	2.53
Maintenance Assistant	1.00	1.00	0.00
Division Totals	<u>4.53</u>	<u>4.53</u>	<u>4.53</u>
Community Center			
Supervisor-Recreation	1.00	1.00	1.00
Recreation Assistant	1.00	1.00	1.00
Recreation Specialist	0.53	0.00	0.00
Lifeguard	1.00	1.00	0.00
Division Totals	<u>3.53</u>	<u>3.00</u>	<u>2.00</u>

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

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
<i>continued</i>			
Aquatics Center ³			
Supervisor-Recreation	1.00	1.00	1.00
Assistant Supervisor-Aquatics	0.00	2.00	1.00
Recreation Assistant	1.00	3.00	1.00
Recreation Specialist	0.00	0.53	0.53
Lifeguard	0.00	1.00	4.00
Division Totals	<u>2.00</u>	<u>7.53</u>	<u>7.53</u>
Public Arts			
Public Arts Administrator	0.00	0.00	1.00
Public Arts Coordinator	0.00	0.00	1.00
Division Totals	<u>0.00</u>	<u>0.00</u>	<u>2.00</u>
Hargraves Center			
Supervisor-Recreation	1.00	1.00	1.00
Assistant Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	0.80	0.80	0.80
Recreation Assistant	1.53	1.53	1.58
Division Totals	<u>4.33</u>	<u>4.33</u>	<u>4.38</u>
Programming/Marketing			
Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	2.60	2.80	2.80
Division Totals	<u>3.60</u>	<u>3.80</u>	<u>3.80</u>
Parks & Recreation Department Totals	<u><u>22.59</u></u>	<u><u>56.79</u></u>	<u><u>58.84</u></u>

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

² Maintenance Assistant transferred from Engineering in 2009-10 budget.

³ Two Assistant Aquatics Supervisors, Two Recreation Assistants, One Part-Time Recreation Specialist and one Lifeguard were added mid-fiscal year 2007-08.

*Unfunded position

Note: Grounds Maintenance moved from the Public Works Department to the Parks and Recreation Department in 2008-09 to form the Landscape Services and Park Maintenance Division.

PARKS AND RECREATION BUDGET SUMMARY

The adopted budget for Parks and Recreation incorporates the first full year of operations for two new facilities - the Homestead Aquatics Center and Southern Community Park, resulting in a 6.6% increase in personnel costs. Other items leading to the overall 4.9% increase are increased utilities for the new locations and the transfer of cemetery operations (including one position) from Engineering in FY10 as part of the organizational realignment. The 26.3% increase in service fee revenues is largely due to the new facilities.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 1,721,665	\$ 3,945,810	\$ 3,688,860	\$ 3,661,642	\$ 4,206,209	6.6%
Operating Costs	754,718	1,604,785	1,905,542	1,686,675	1,617,787	0.8%
Capital Outlay	45,753	-	98,397	83,710	-	N/A
Total	\$ 2,522,136	\$ 5,550,595	\$ 5,692,799	\$ 5,432,027	\$ 5,823,996	4.9%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Revenues	\$ 2,060,798	\$ 5,079,135	\$ 5,221,339	\$ 4,916,218	\$ 5,250,536	3.4%
Grants	83,700	83,760	83,760	83,760	83,760	0.0%
Charges for Services	377,638	387,700	387,700	432,049	489,700	26.3%
Total	\$ 2,522,136	\$ 5,550,595	\$ 5,692,799	\$ 5,432,027	\$ 5,823,996	4.9%

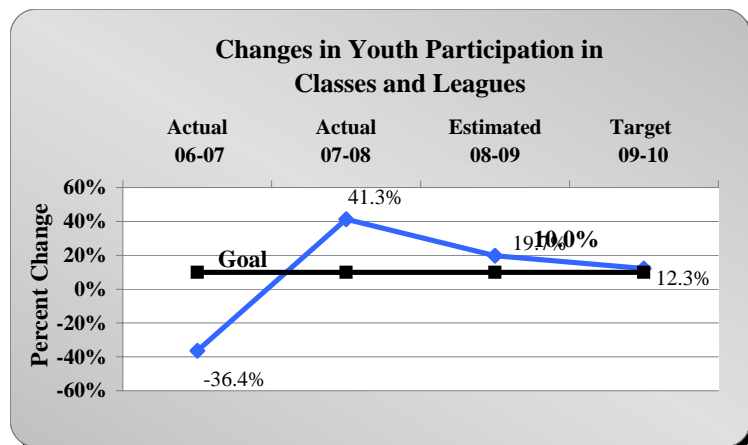
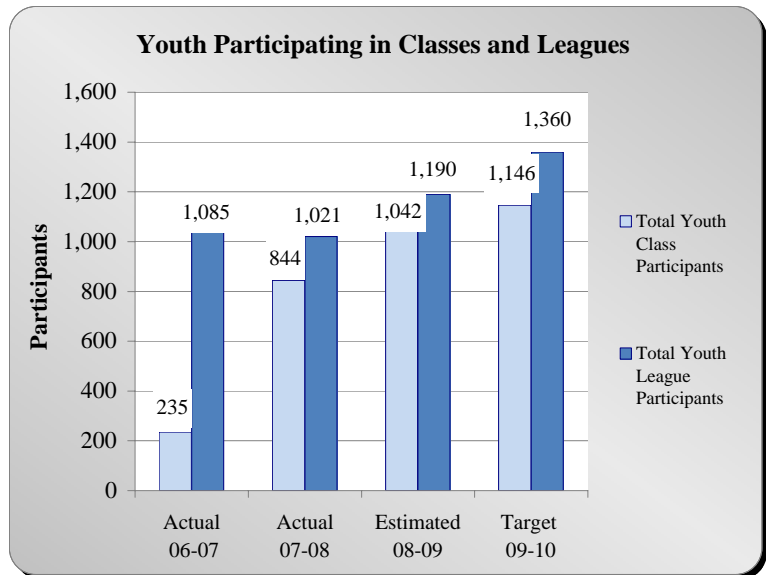
PARKS AND RECREATION TRENDS

COUNCIL SERVICE GOAL: Provide leisure and cultural opportunities.

DEPARTMENT GOAL: Increase participation in youth programming.

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

In Fiscal Year 2008-09, the Parks and Recreation Department saw an increase in participation in youth classes and leagues by 19.7% from 1,865 participants to 2,232 participants. These increases are expected to continue for 2009-10.



CHAPEL HILL PUBLIC LIBRARY

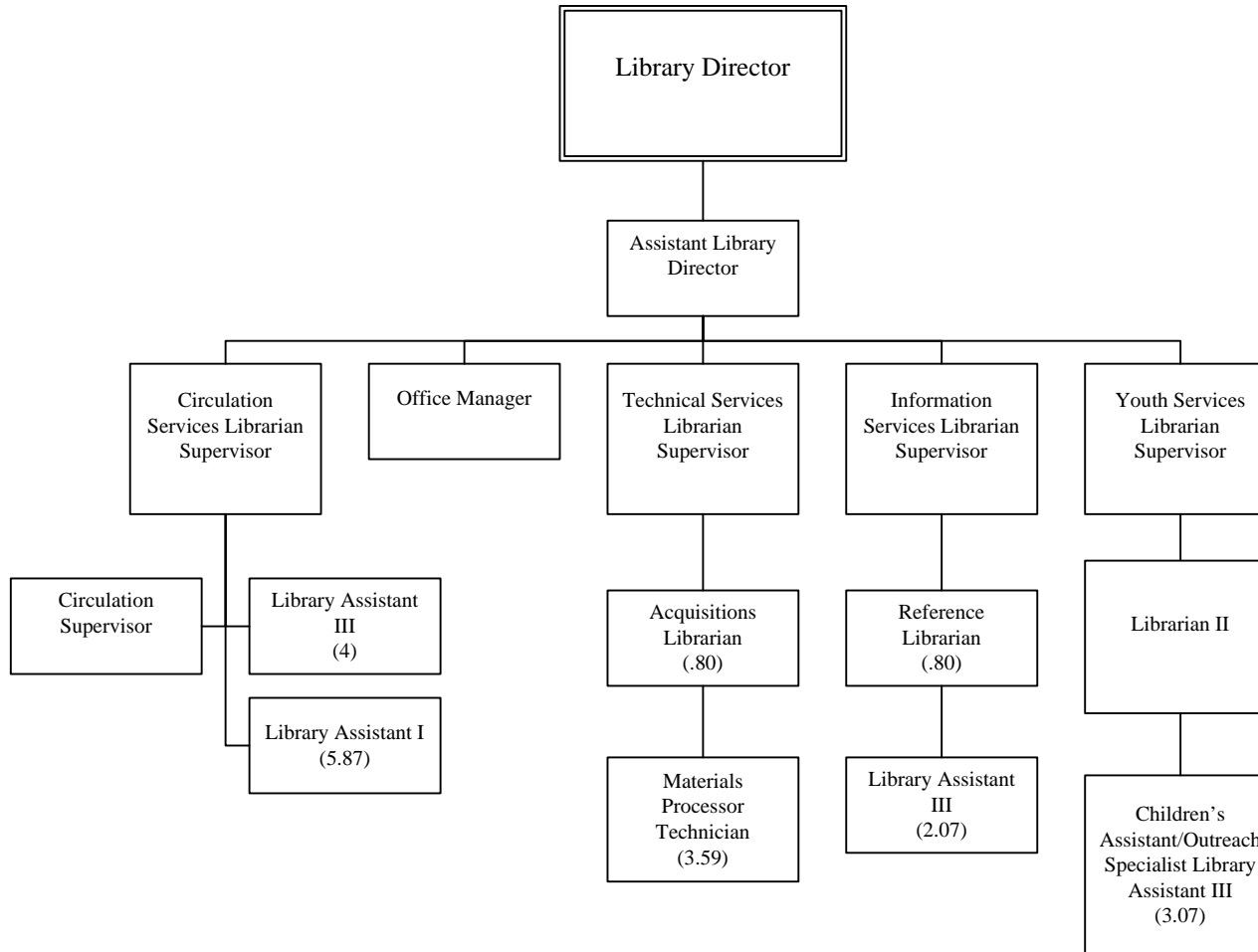
MISSION STATEMENT:

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

The Library works to achieve its mission by providing:

- Current recreational reading, listening and viewing materials and information about contemporary culture and trends.
- General information through answering reference questions and provision of specialized subscription reference services.
- Information and programs to support life-long learning.
- Instruction in finding, evaluating and using electronic information resources.

LIBRARY



LIBRARY DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Director-Library	1.00	1.00	1.00
Assistant Director-Library/Head of Public Services	1.00	1.00	1.00
Supervisor-Librarian	3.80	4.00	4.00
Librarian	2.60	2.60	2.60
Supervisor-Circulation	1.00	1.00	1.00
Office Manager	1.00	1.00	1.00
Library Assistant III/Outreach	3.07	3.07	3.07
Materials Processor	3.59	3.59	3.59
Library Assistant I-III	11.94	11.94	11.94
	<hr/>		
Library Department Totals	29.00	29.20	29.20
	<hr/> <hr/>		

LIBRARY
BUDGET SUMMARY

The adopted budget for the Library is largely unchanged overall for FY10. Personnel costs increase by only 0.2% despite a 17.1% increase in medical insurance costs by holding a vacant position open for half the year and by reductions in overtime and workers compensation premiums. The operating budget includes increases for utilities and \$10,000 to begin a replacement schedule for the public use computers.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 1,640,477	\$ 1,778,020	\$ 1,749,060	\$ 1,723,793	\$ 1,781,502	0.2%
Operating Costs	555,588	580,616	700,177	539,216	592,430	2.0%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 2,196,065	\$ 2,358,636	\$ 2,449,237	\$ 2,263,009	\$ 2,373,932	0.6%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
General Fund	\$ 1,697,860	\$ 1,863,165	\$ 1,953,766	\$ 1,774,301	\$ 1,900,224	2.0%
Grants	288,864	288,471	288,471	285,708	285,708	-1.0%
Licenses/Permits/Fines	152,890	150,000	150,000	120,000	100,000	-33.3%
Transfers/Other Sources	56,451	57,000	57,000	83,000	88,000	54.4%
Total	\$ 2,196,065	\$ 2,358,636	\$ 2,449,237	\$ 2,263,009	\$ 2,373,932	0.6%

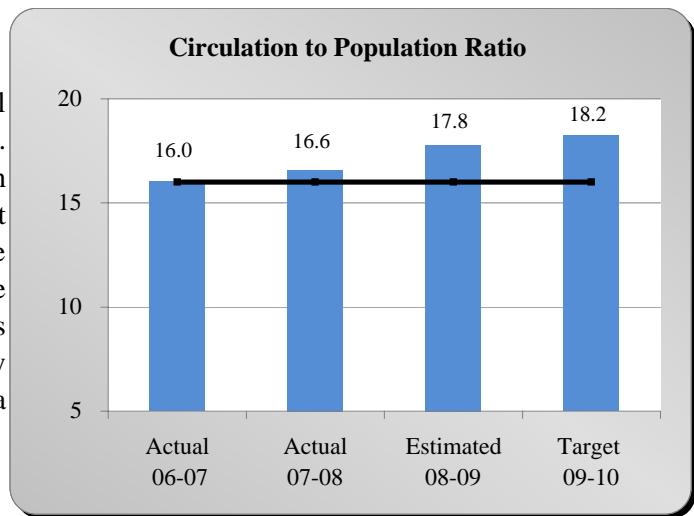
LIBRARY TRENDS

COUNCIL SERVICE GOALS: Provide leisure and cultural opportunities. Provide accurate and timely current and historical public information.

DEPARTMENT GOAL: Provide quality customer service and a library collection that will foster increased usage by citizens.

OBJECTIVE: Maintain a Circulation to Population Ratio of at least 16.

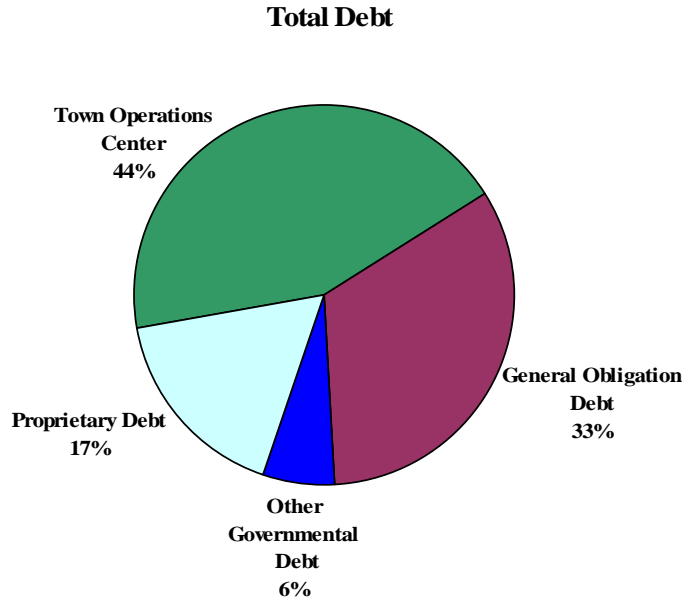
The Library has seen an increasing ratio of total circulation to Town population in recent years. The usage by others outside of the Town population accounts for a small piece of that increase. The greater reasons for the increase are the expanding book collection, and the efficiency of Library staff at meeting the needs of the patrons. Collection space is currently maximized, but the library is slated for a significant expansion over the next two years.



OBJECTIVES	PROGRESS/ STATUS
To meet the information, educational, and recreational reading needs of the community during the 68 hours the library is open each week by: circulating books and other library materials (770,200; +2%); staffing the Reference Desk with two employees an average of 61 hours per week; supporting thirteen internet terminals for reference; answering reference and readers advisory questions (104,000); staffing the Information Desk with volunteers an average of 40 hours per week.	Books and materials circulated: 976,870 (+7.2%) Reference questions logged: 95,098 (+7.3%) Patron visits to the library: 390,235 (-0.1%) e-resources circulated; remote access to materials has reduced patron visits: 4,383 (+71.3%)
Provide a well-balanced, up-date collection of library materials (148,000) which meets the reading and informational needs and interests of the community by adding new, gift, and replacement books to the collection.	Materials were cataloged and added to the collection: 17,682 Materials were withdrawn from the collection: 17,801 Donations were added to the collection: 1,098 Total current collection: 178,568

DEBT SERVICE FUND

The Debt Service Fund accounts for the principal and interest payments for the Town's general obligation bonds and certificates of participation issued for construction of the Town Operations Center.



DEBT & BOND RATINGS

As of June 30, 2009 the Town had about \$55 million in debt outstanding. On June 30, 2005, the Town borrowed \$26 million in certificates of participation for the Town Operations Center project, which represents the largest portion of debt with a balance of \$21,770,000 at June 30, 2009. The next largest portion of debt, \$17.4 million, is in general obligation bonds. The Town has an additional \$5.2 million in certificates of participation which were used to finance the parking deck and other off-street parking facilities. This debt is paid entirely from parking fee revenue. The long term debt also includes installment financing for equipment, land and reserves for compensated absences, that is, the amount that the Town owes for future payments for employee vacation.

Long-Term Debt June 30, 2009	
Governmental Debt	
General obligation debt	\$ 17,415,000
Certificates of Participation	21,770,000
Installment debt	3,365,000
Separation allowance (est.)	280,611
Compensated absences (est.)	<u>2,171,600</u>
Total	\$ <u>45,002,211</u>
Proprietary Fund Debt	
Enterprise Funds	
Certificates of Participation	\$ 5,165,000
Compensated absences (est.)	671,141
Internal Service Funds	
Motor vehicle equipment	<u>3,990,887</u>
Total	\$ <u>9,827,028</u>

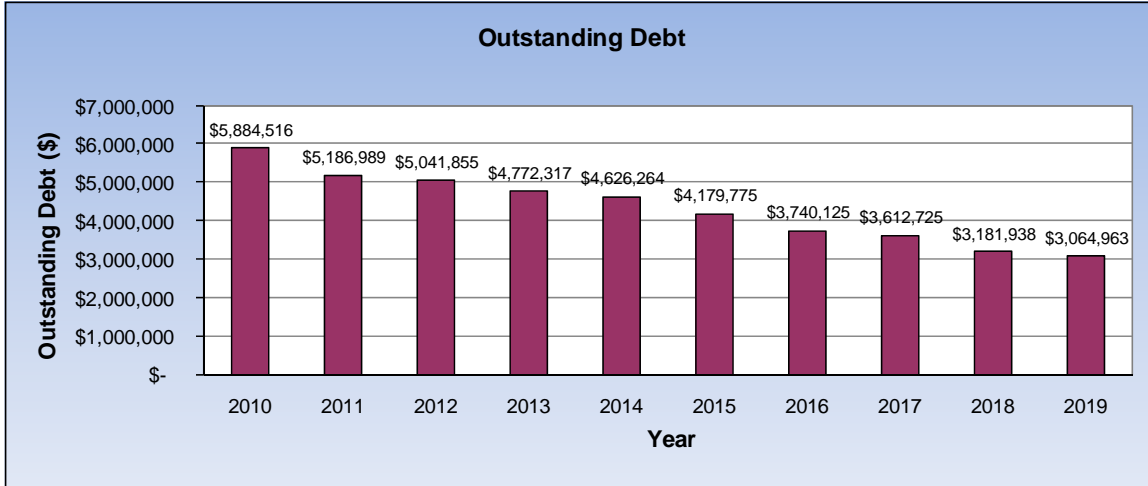
Current Debt Obligations

The Town's debt repayment schedule had been steady for a number of years, but beginning in 2005-06, additional new debt service costs of about \$2.5 million annually became necessary for the construction of a new Public Works facility. The Town received federal and State grant commitments sufficient to cover the cost of the Transit facility, and borrowed \$26 million in certificates of participation for construction of the Public Works facility.

In fall of 2006, the Town also issued \$4,950,000 of the \$29,360,000 in General Obligation bonds authorized in November 2003.

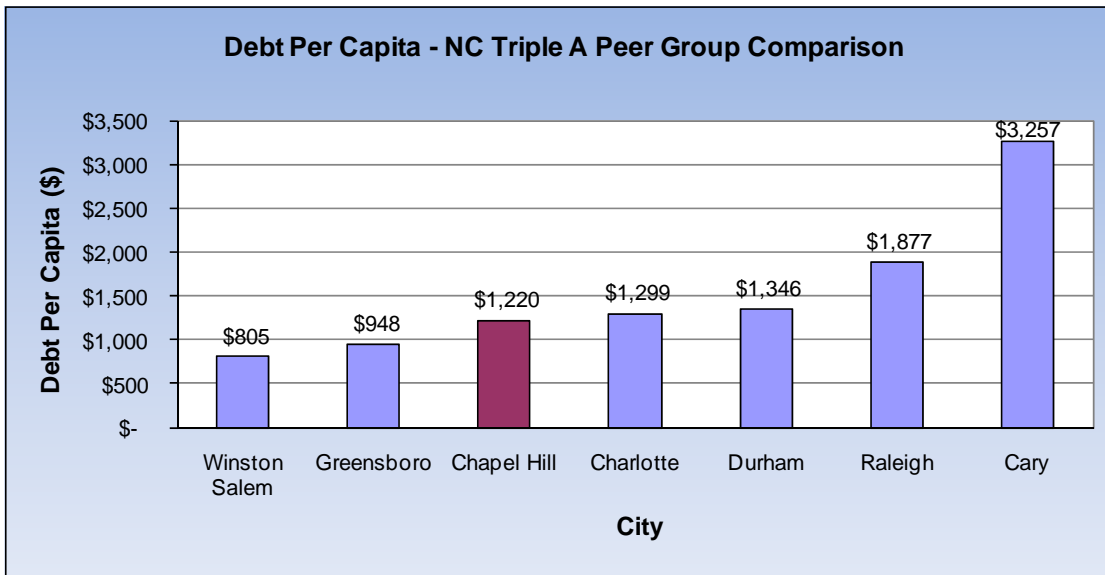
DEBT & BOND RATINGS

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



Future Additional Debt

The Town Council placed a bond referendum before the citizens of Chapel Hill in November of 2003. The purpose of the referendum was to consider the issuance of general obligation bonds to finance an expansion of the current Town Library in the amount of \$16,260,000 as recommended by consultants, and to finance various other capital improvement projects in the amount of \$13,100,000 as recommended by the Council's Committee on Sustainability, Energy and Environment. The voters approved the bond referendum totaling \$29,360,000, of which \$20,410,000 remains outstanding.



(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 1/31/2008, Department of State Treasurer, Division of State and Local Government Finance.)

DEBT & BOND RATINGS

The balance of the authorized unissued general obligation debt is planned for issuance in spring of 2010 contingent on favorable economic conditions. The Town also anticipates the sale of \$7,245,000 in debt to cover the cost of underground parking for the Downtown Initiative in 2011-12.

Debt Limits

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

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

The Town's outstanding debt that applies to this limit at June 30, 2009 totaled \$17,415,000 in outstanding general obligation bonds. The total is less than 1% of the Town's June 30, 2009 tax base (\$6.96 billion). If we were to include the remaining \$20,410,000 of the \$29,360,000 bond referendum which was passed in November 2003, it would bring the legal debt margin to \$412,855,511 which is still well within the normal range for governmental entities.

The Town's annual general obligation and certificate of participation debt service cost for 2009-10 is estimated to be about \$5.9 million, or about 11.1% of the General Fund original budget. A general guideline by bond rating agencies is that annual debt service is considered to be low to moderate if it is less than 10% of its annual General Fund budget. We are aware that we have exceeded our own debt guidelines by increasing debt service to over 10% of the estimated budget. Our projections show that we will continue to have debt between 10% and 12% of budget for the next five years. We will continue to monitor this indicator because it is one of numerous factors used to determine the Town's credit rating.

TOWN OF CHAPEL HILL, NORTH CAROLINA	
COMPUTATION OF LEGAL DEBT MARGIN	
June 30, 2009	
Total assessed valuation at June 30, 2009	\$ <u>6,956,950,000</u>
Debt limit - 8% of total assessed value	\$ <u>556,556,000</u>
Amount of debt applicable to debt limit:	
General obligation bonds	<u>17,415,000</u>
Legal debt margin	\$ <u>539,141,000</u>

DEBT & BOND RATINGS

RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS					
Fiscal Year Ended June 30	Population Estimate	Taxable Assessed Value	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Assessed Value	Net Bonded Debt Per Capita
1999	43,977	\$ 3,039,516,608	\$ 16,880,000	0.59	384
2000	46,019	2,944,165,957	20,225,000	0.69	439
2001	48,902	3,039,516,608	18,705,000	0.62	382
2002	50,454	4,021,127,152	17,380,000	0.43	344
2003	51,005	4,167,181,402	20,070,000	0.48	393
2004	51,485	4,305,436,972	18,400,000	0.43	357
2005	51,519	4,458,136,168	46,725,000	1.05	907
2006	52,397	5,300,417,389	44,045,000	0.83	841
2007	52,397	5,472,958,888	46,130,000	0.84	880
2008	54,904	5,839,993,985	42,650,000	0.73	777

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

Bond Ratings

The Town's bond ratings evidence its financial strength. When the Town issues general obligation bonds or other securities, rating

Moody's	AAA
Standard & Poor's	AAA

agencies reevaluate the Town's current and future ability to repay debt. As a part of the evaluations, the agencies examine the Town's management, reserves, current debt obligations, community growth and stability of key revenue sources. Because of a solid employment base in and around the Town of Chapel Hill and the Town's careful management of resources, the Town has maintained especially high bond ratings for a municipality of its size. In October 2006, the Town's bond ratings were confirmed at triple A from Moody's Investor Service and from Standard and Poor's, the highest rating attainable.

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 certificates of participation issued for construction of the Town Operations Center. Funding for debt service has historically come 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. We expect revenues in excess of expenditures of \$214,000 and \$558,000 in 2008-09 and 2009-10 respectively, shown below as a "reserve for debt" to present a balanced budget, the result of delaying debt that had been planned for the fall of 2008 in light of the current recession. These reserved funds will be available for appropriation by the Council for future debt.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Principal Payments	\$ 3,480,000	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 3,990,000	-0.3%
Interest Expense	2,056,025	2,343,926	2,343,926	2,051,000	1,895,000	-19.2%
Reserve for debt	-	56,074	56,074	214,000	558,000	895.1%
Total	\$ 5,536,025	\$ 6,400,000	\$ 6,400,000	\$ 6,265,000	\$ 6,443,000	0.7%

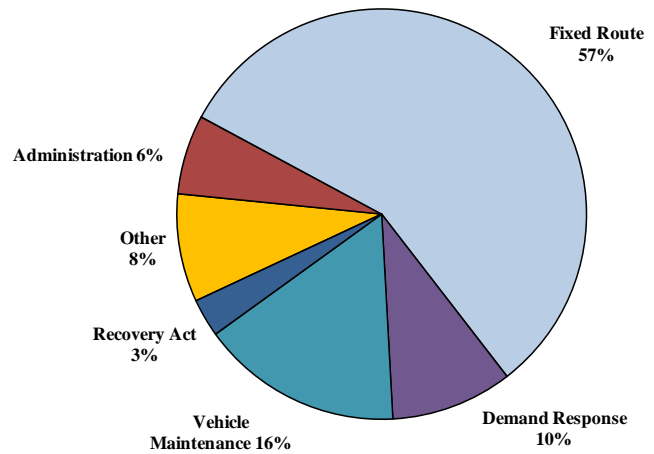
REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Property Taxes	\$ -	\$ 6,400,000	\$ 6,400,000	\$ 6,260,000	\$ 6,440,000	0.6%
Transfer from General Fund	5,536,025	-	-	-	-	N/A
Appropriated Fund Balance	(6,484)	-	-	-	-	N/A
Interest Income	6,484	-	-	5,000	3,000	N/A
Total	\$ 5,536,025	\$ 6,400,000	\$ 6,400,000	\$ 6,265,000	\$ 6,443,000	0.7%

TRANSIT FUND

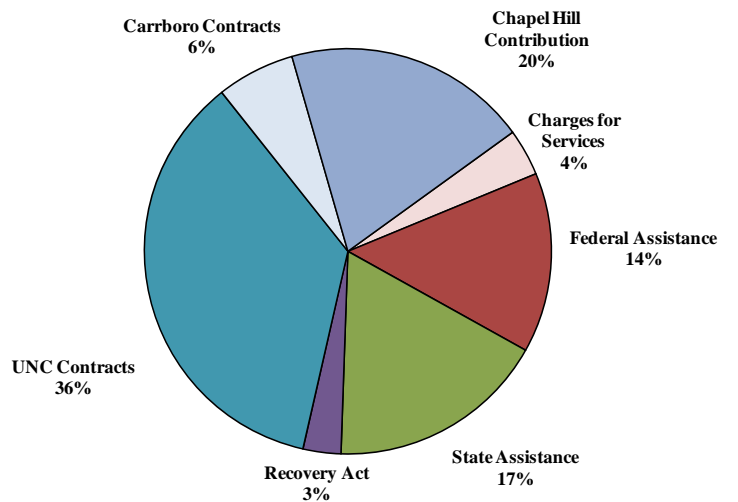
The Transit Fund is used to account for the operations of the Town's public transit system.

Transit Expenditures



Total \$16,637,238

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.

- In order to accomplish its mission, Chapel Hill Transit will:
 - Foster customer oriented services
 - Maximize safety and security for our customers and community
 - Hold our operations to high service quality standards
 - Embrace creativity and adaptability in addressing needs
 - Collaboration with other providers to be inclusive and multi-modal
 - Ensure a quality operation that emphasizes mutual respect

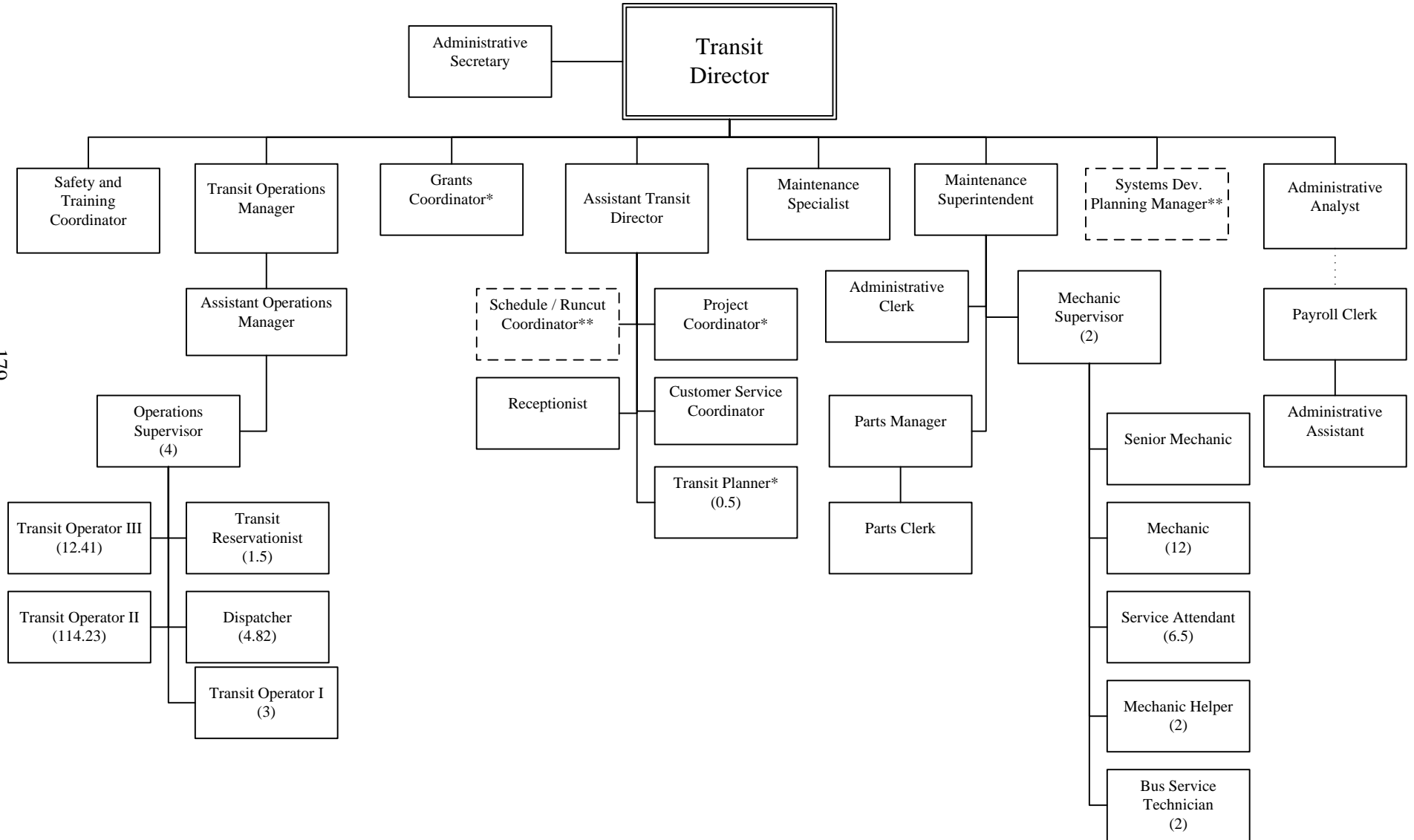
- Chapel Hill Transit provides fixed route and demand response bus service within its service area and extended service to areas such as Hillsborough and Chatham County.

- CHT operates 23 fixed routes serving nearly 7 million rides annually. Routes include local transit service and express routes from 6 park and ride locations

- CHT operates a demand response service for the elderly and disabled persons in the community. A fleet of 15 vehicles is used to provide approximately 75,000 annual rides.

- In addition to transit operations, Chapel Hill Transit is responsible for the following:
 - Transit Vehicle maintenance
 - Bus/Van Procurement
 - Short range transit planning
 - Transit Marketing and public information
 - Compliance with state and federal requirements
 - Coordination of regional transit services
 - Budget/grant development and management
 - Transit System safety and security

TRANSIT



179

* Grant-funded positions.
 **Unfunded positions.

TRANSIT DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Administration			
Director-Transit	1.00	1.00	1.00
Manager Systems Dev. Planning*	1.00	1.00	1.00
Assistant Director-Transit	1.00	1.00	1.00
Administrative Analyst	1.00	1.00	1.00
Coordinator-Scheduling/Run Cut*	1.00	1.00	1.00
Coordinator-Grants	1.00	1.00	1.00
Coordinator-Project**	1.00	1.00	0.00
GIS Technician	0.00	0.00	1.00
Transit Services Planner**	0.50	0.50	1.00
Administrative Assistant	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00
Receptionist	1.00	1.00	1.00
Administrative Clerk	0.00	0.00	1.00
Division Totals	<u>10.50</u>	<u>10.50</u>	<u>12.00</u>
Operations			
Transit Operations Manager	1.00	1.00	1.00
Coordinator-Safety and Training	1.00	1.00	1.00
Assistant Transit Operations Manager	1.00	1.00	1.00
Supervisor-Transit	4.00	4.00	6.00
Coordinator-Customer Service/Operations	1.00	1.00	1.00
Transit Dispatcher	4.82	4.82	3.50
Transit Operator III (E-Z Rider Driver)	12.41	12.41	11.41
Transit Operator II (Bus Driver)	114.23	114.23	113.57
Transit Operator I (Shared Rider Driver)	3.00	3.00	3.00
Transit Reservationist	1.50	1.50	2.00
Division Totals	<u>143.96</u>	<u>143.96</u>	<u>143.48</u>
Equipment Maintenance			
Superintendent-Transit Maintenance	1.00	1.00	1.00
Supervisor-Mechanic	2.00	2.00	2.00
Mechanic, Senior	1.00	1.00	1.00
Parts Manager	1.00	1.00	1.00
Maintenance Specialist	1.00	1.00	1.00
Mechanic	12.00	12.00	12.00
Bus Service Technician	2.00	2.00	2.00
Mechanic Helper	2.00	2.00	2.00
Administrative Clerk	1.00	1.00	1.00
Parts Clerk	1.00	1.00	1.00
Service Attendant	6.50	6.50	6.50
Division Totals	<u>30.50</u>	<u>30.50</u>	<u>30.50</u>
Transit Department Totals***	<u><u>184.96</u></u>	<u><u>184.96</u></u>	<u><u>185.98</u></u>

*Unfunded Position

**Grant-funded positions.

***FTE increase is due to the net effect of the addition of a GIS Technician and an Administrative Clerk coupled with the loss of the Project Coordinator

TRANSIT FUND

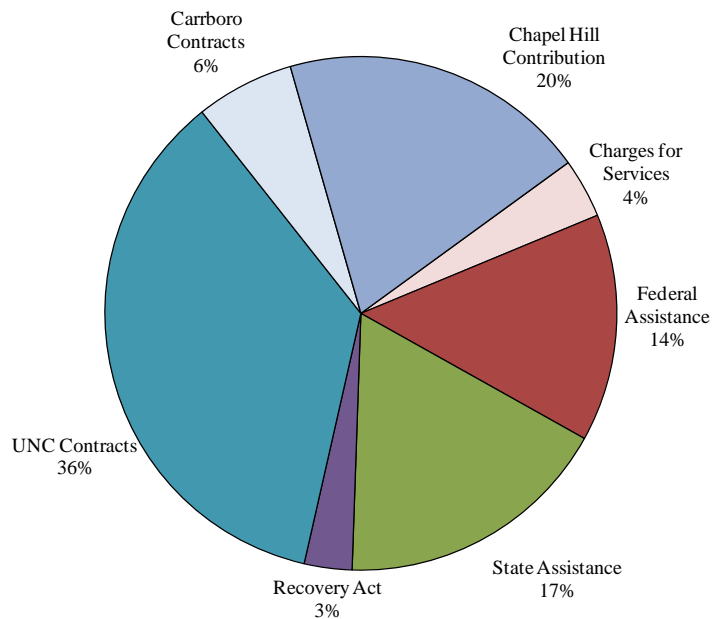
Major Revenue Sources - Descriptions and Estimates

The Town provides public transit services for the Town of Chapel Hill and the neighboring Town of Carrboro, the University of North Carolina and the UNC Health Care System on a contractual basis. In 2001, the transit system initiated fare free services, eliminating all fare box revenue and pass sale revenue previously collected for the system (with the exception of fares for 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 2009-10 totals about \$16.64 million. Below is a description of the major revenue sources for the Transit Fund. The pie chart below shows the major revenue sources for fiscal year 2009-10.

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 federal funding for operations of about \$2.39 million in 2009-10, representing a reallocation of our federal award from capital purchases. Also included in federal assistance for FY10 are two one-time grants: an STP-DA grant totaling \$388,000 and a CMAQ grant totaling \$101,666. CMAQ funding must be used for projects that have a direct impact on improving air quality.



The Transit system also received \$500,000 as part of the America Recovery and Investment Act of 2009. This funding will be used for service repair parts and other required maintenance for the current fleet.

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. We estimate that the 2009-10 subsidy will decrease from \$3.3 million in 2008-09 to \$2.9 million in 2009-10.

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. Based on proposed routes, the University's share of cost for 2009-10 totals about \$6 million.

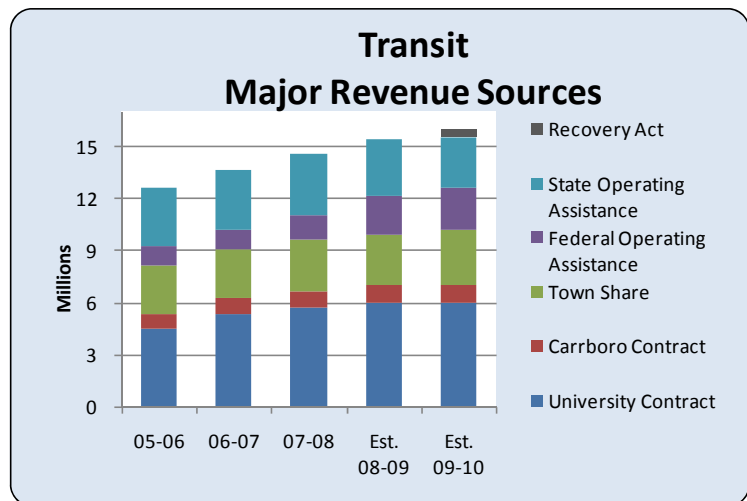
Carrboro Contract

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 the adopted budget totals about \$1.04 million.

Town Revenues

The Town's share of cost for the Transit system is funded primarily by a property tax levy for transit. The budget for the Transit Fund in fiscal year 2009-10 includes continuation of the tax rate of 4.8 cents for budgeted tax revenue of about \$3.1 million.

Other revenues expected for the system include about \$623,965 in special fares for the Tar Heel Express services and vehicle license fees.



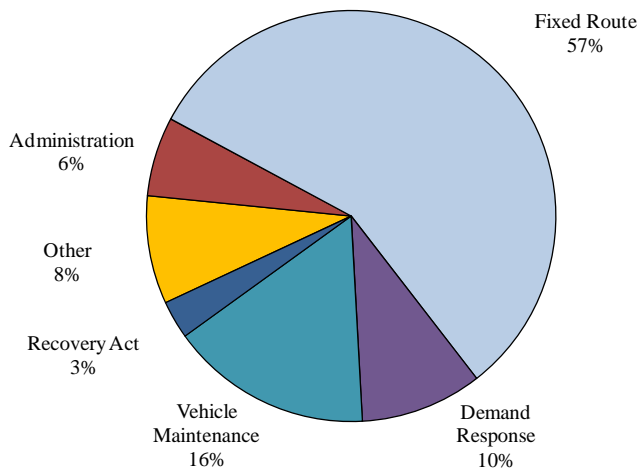
TRANSIT FUND

Major Expenditures - Descriptions and Estimates

The Town provides public transit services for the Town of Chapel Hill and to the neighboring Town of Carrboro, the University of North Carolina and the UNC Health Care System on a contractual basis.

The Transit Fund budget that continues fare free services for all routes in the system totals \$16.64 million for the adopted 2009-10 budget. 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 wagons or minivans, and four maintenance service trucks that provide transit service to the entire community.

Transit Expenditures



The pie graph at the left illustrates the adopted budget, divided into Maintenance costs, Administration costs, Grant expenditures, and Operating costs that include Demand Response, Fixed Route, and Special Events. Operational costs total about \$11.35 million, Maintenance costs total about \$3.25 million and Administrative and Grants costs total about \$2.03 million.

The adopted budget for 2009-10 includes increases for administrative costs related to salaries that were previously grant funded, as well as anticipated increases in medical insurance expenses. With a more technologically advanced fleet and the nationwide failure of certain transmissions, vehicle maintenance presents another large category of operating expense increase in the Transit Fund budget.

TRANSIT BUDGET SUMMARY

The adopted budget for the Transit Department supports continued fare-free service initiated during fiscal year 2001-02. The 2009-10 budget is based on the receipt of approximately \$2,810,000 in property taxes at a revenue neutral tax rate of \$4.1 cents/\$100 valuation. The adopted budget for 2009-10 also includes \$500,000 funded by the American Recovery and Reinvestment Act of 2009. While State assistance is expected to decrease in 2009-10, federal assistance is expected to increase by approximately 8.5%.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Admin & Non-Dept	\$ 617,936	\$ 770,535	\$ 1,487,543	\$ 928,230	\$ 1,042,553	35.3%
Grant-Funded	-	344,155	301,666	328,445	489,666	42.3%
Recovery Act	-	-	500,000	-	500,000	N/A
Fixed Route	9,094,734	9,891,876	9,507,243	8,868,751	9,428,585	-4.7%
Demand Response	1,341,169	1,548,841	1,502,676	1,435,151	1,597,823	3.2%
Special Events	224,981	366,631	346,631	284,106	326,044	-11.1%
Vehicle Maintenance	3,158,810	3,330,362	3,576,291	3,407,390	2,649,088	-20.5%
Building Maintenance	-	-	-	-	603,479	N/A
Total	\$ 14,437,630	\$ 16,252,400	\$ 17,222,050	\$ 15,252,073	\$ 16,637,238	2.4%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Charges for Services	\$ 463,503	\$ 480,105	\$ 480,105	\$ 589,249	\$ 623,965	30.0%
Federal Assistance	1,440,308	2,201,666	2,201,666	2,201,666	2,389,666	8.5%
State Assistance	3,545,519	3,545,519	3,319,737	3,319,737	2,900,000	-18.2%
Recovery Act	-	-	500,000	-	500,000	N/A
UNC Contracts	5,699,526	6,005,404	6,005,404	6,005,404	5,957,282	-0.8%
Carrboro Contracts	907,492	1,033,837	1,033,837	1,033,837	1,032,825	-0.1%
Chapel Hill Contribution	3,067,026	2,985,869	2,931,369	2,864,815	3,233,500	8.3%
Appropriated Fund Balance	(685,744)	-	749,932	(762,635)	-	N/A
Total	\$ 14,437,630	\$ 16,252,400	\$ 17,222,050	\$ 15,252,073	\$ 16,637,238	2.4%

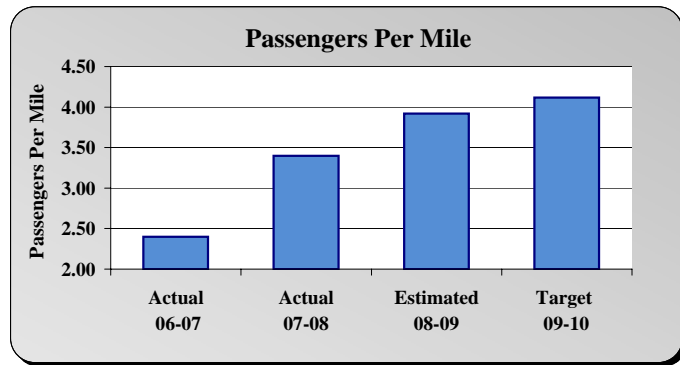
TRANSIT TRENDS

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

GOAL: Increase the efficiency and effectiveness of transit services.

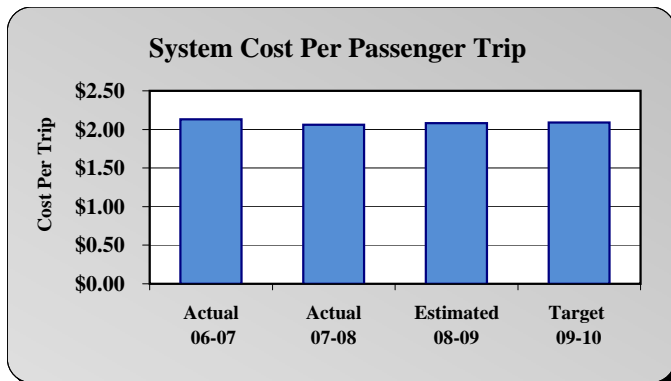
OBJECTIVE: Increase the number of passengers per mile in fixed route transit service.

In fiscal year 2008-09, the number of passengers per mile increased by approximately 15% over 2007-2008, as the Town continued to provide fare-free service.



GOAL: Increase the efficiency and effectiveness of transit services.

OBJECTIVE: Maintain a stable system cost per passenger trip.



In fiscal year 2008-09, the system cost per passenger trip increased slightly. With the target number of passengers per mile set to increase next year, efforts are focused on stabilizing the system cost per passenger trip.

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).
- Staff assistance for the Transportation Board.
- 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 the Administrative and Non-Departmental divisions includes liability insurance and a transfer of \$175,843 to the Transit Capital Reserve fund for future capital grant matches. Personnel expense increases of 71.9% result from a decrease in grant funding, which previously offset administrative salaries, and anticipated increases in medical insurance costs.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 410,110	\$ 355,290	\$ 386,543	\$ 427,080	\$ 610,861	71.9%
Operating Costs	207,826	302,058	404,080	272,795	255,849	-15.3%
Transfer to Capital Reserve	-	113,187	696,920	228,355	175,843	55.4%
Total	\$ 617,936	\$ 770,535	\$ 1,487,543	\$ 928,230	\$ 1,042,553	35.3%

TRANSIT - Grants
BUDGET SUMMARY

The adopted budget for 2009-10 includes two one-time grants: \$388,000 in federal STP-DA funding and \$101,666 in federal CMAQ grant funding. (A separate category has been established for American Recovery and Reinvestment Act grants for capital maintenance.)

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ -	\$ 274,797	\$ 239,808	\$ 262,837	\$ 375,211	36.5%
Operating Costs	-	69,358	61,858	65,608	114,455	65.0%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ -	\$ 344,155	\$ 301,666	\$ 328,445	\$ 489,666	42.3%

TRANSIT - Recovery Act
BUDGET SUMMARY

The adopted budget for 2009-10 reflects funding to be received through the American Recovery and Reinvestment Act of 2009. Funding will be used for service repair parts and other required maintenance for the current fleet.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating Costs	-	-	500,000	-	500,000	N/A
Capital Outlay	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ 500,000	N/A

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 in Chapel Hill, Carrboro and throughout the UNC campus.
- Operate demand-responsive door-to-door service for certified persons with disabilities, using lift-equipped vans and sedans.
- Operate demand-responsive “feeder” service with sedans and vans in areas not served by fixed-route buses.
- Operate shuttle service (Tar Heel Express) to all UNC home football and basketball games, special events, and well-attended shows at the Dean Smith Center.
- Hire, train and motivate bus operators and support staff to ensure efficient, safe , on-time and courteous service to the public.

TRANSIT - Fixed Route
BUDGET SUMMARY

The adopted budget for 2009-10 reflects a 4.7% decrease overall, largely due to decreased diesel fuel costs over the previous year. Additionally, several facilities related expenses have been moved to Building Maintenance, a newly created division of the Transit Department. Personnel costs reflect a 17.1% increase in medical insurance for 2009-10.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 6,221,747	\$ 6,681,634	\$ 6,511,881	\$ 6,382,623	\$ 6,694,367	0.2%
Operating Costs	2,872,987	3,210,242	2,995,362	2,486,128	2,734,218	-14.8%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 9,094,734	\$ 9,891,876	\$ 9,507,243	\$ 8,868,751	\$ 9,428,585	-4.7%

TRANSIT - Demand Response
BUDGET SUMMARY

The adopted budget for 2009-10 reflects a 3.2% increase overall, resulting from increases in medical insurance and retiree medical expenses, which are partially offset by decreases in operating costs.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 1,031,359	\$ 1,132,684	\$ 1,111,769	\$ 1,079,796	\$ 1,204,815	6.4%
Operating Costs	309,810	416,157	390,907	355,355	393,008	-5.6%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,341,169	\$ 1,548,841	\$ 1,502,676	\$ 1,435,151	\$ 1,597,823	3.2%

TRANSIT - Tarheel Express / Special Events
BUDGET SUMMARY

The Tarheel Express/Special Events adopted budget for 2009-10 reflects an 11.1% decrease from the previous year resulting from decreased diesel fuel costs and savings from hiring off-duty Town police officers rather than outside security agents.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 179,099	\$ 235,442	\$ 235,442	\$ 202,587	\$ 230,348	-2.2%
Operating Costs	45,882	131,189	111,189	81,519	95,696	-27.1%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 224,981	\$ 366,631	\$ 346,631	\$ 284,106	\$ 326,044	-11.1%

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 43.8% decrease in operating costs for 2009-10 results from decreased fuel costs and the transfer of costs to the new Building Maintenance division for 2009-10.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 1,622,657	\$ 1,586,341	\$ 1,612,633	\$ 1,591,061	\$ 1,669,612	5.2%
Operating Costs	1,536,153	1,744,021	1,963,658	1,816,329	979,476	-43.8%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 3,158,810	\$ 3,330,362	\$ 3,576,291	\$ 3,407,390	\$ 2,649,088	-20.5%

TRANSIT - Building Maintenance
BUDGET SUMMARY

The adopted budget for 2009-10 reflects the creation of new division of Building Maintenance. The purpose of the new division is to more accurately depict expenses related to Transit Department facilities as opposed to vehicle maintenance. Budget was transferred from both Vehicle Maintenance and Administration to create this new division.

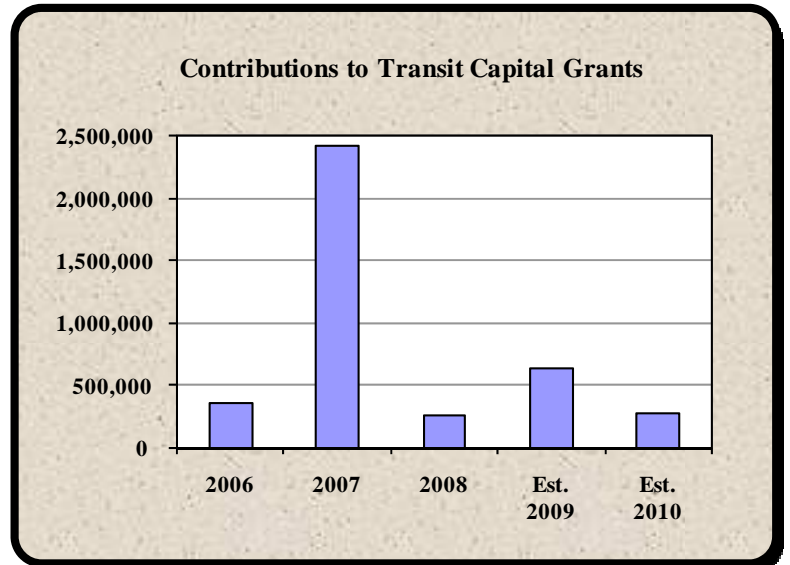
EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ -	\$ -	\$ -	\$ -	\$ 92,357	N/A
Operating Costs	-	-	-	-	511,122	N/A
Capital Outlay	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ -	\$ 603,479	N/A

TRANSIT CAPITAL RESERVE FUND

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

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



TRANSIT CAPITAL RESERVE BUDGET SUMMARY

The Transit Capital Reserve Fund is intended to accumulate funding to make capital purchases and meet matching requirements for capital grants. With the completion of the Town Operations Center and its grant matching requirements, plans are to use the capital reserve funds for the purchase of replacement buses and other equipment. The adopted budget for 2009-10 includes a transfer to the reserve of \$175,843.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Contribution to Capital Grant Reserve	\$ 263,315 -	\$ 647,000 -	\$ 647,000 115,168	\$ 164,428 82,737	\$ 174,341 27,302	-73.1% N/A
Total	\$ 263,315	\$ 647,000	\$ 762,168	\$ 247,165	\$ 201,643	-68.8%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Interest Income	\$ 60,504	\$ 20,000	\$ 20,000	\$ 13,864	\$ 25,000	25.0%
Other Income	-	-	-	4,946	800	N/A
Transfer from Transit Fund	-	113,187	228,355	228,355	175,843	55.4%
Appropriated Fund Balance	-	513,813	513,813	-	-	-100.0%
Total	\$ 60,504	\$ 647,000	\$ 762,168	\$ 247,165	\$ 201,643	-68.8%

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. Ten current project ordinances in the Transportation Department are shown below:

2005-06 Capital Grant

The project ordinance for the fiscal year 2005-06 Section 5307 capital grant was adopted on June 26, 2006. Funds are being used for the construction of the Transportation portion of the Town Operations Center.

	Project Budget	Estimated Expenditures Through June 30, 2009
2005-06 Transit Capital Grant	\$4,900,000	\$4,900,000

2006-07 Capital Grant

The project ordinance for the fiscal year 2006-07 Section 5307 capital grant was adopted on June 11, 2007. Funds are being used for the construction and project management of the Transit portion of the Town Operations Center.

	Project Budget	Estimated Expenditures Through June 30, 2009
2006-07 Transit Capital Grant	\$2,088,330	\$2,088,330

2006-07 Capital Grant

The project ordinance for the fiscal year 2006-07 Section 5307 capital grant was adopted on June 9, 2008. Funds are being used to supplement the purchase of replacement buses.

	Project Budget	Estimated Expenditures Through June 30, 2009
2006-07 Transit Capital Grant	\$225,953	\$50,000

2006-07 Capital Grant

The project ordinance for the fiscal year 2006-07 Section 5307 capital grant was adopted on June September 10, 2007. Funds are being used to design a park and ride lot in the NC 54 corridor.

	Project Budget	Estimated Expenditures Through June 30, 2009
2006-07 Transit Capital Grant	\$733,120	\$-0-

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2006-07 Transit Capital and Planning Grant

The project ordinance for the fiscal year 2006-07 Section 5307 Transit Capital and Planning Grant was adopted on June 11, 2007. The funds are being used to continue the ongoing lease of a park and ride facility, to provide enhancements to bus shelter sites, to assist the department staff in conducting transit planning activities, and to prepare the annual Transportation Improvement Plan.

	Project Budget	Estimated Expenditures Through June 30, 2009
2006-07 Transit Capital and Planning Grant	\$844,140	\$65,000

2007-08 Transit Capital and Planning Grant

The project ordinance for the fiscal year 2007-08 Section 5307 Transit Capital and Planning Grant was adopted on June 9, 2008. The funds are being used to continue the ongoing lease of a park and ride facility, to provide enhancements to bus shelter sites, to assist the transportation department staff in conducting transit planning activities, to prepare the annual Transportation Improvement Plan, and to prepare annual statewide planning reports.

	Project Budget	Estimated Expenditures Through June 30, 2009
2007-08 Transit Capital and Planning Grant	\$633,143	\$62,000

2007-2008 Capital Grant

The project ordinance for the fiscal year 2007-08 Section 5307 capital grant was adopted on June 9, 2008.. Funds are being used to purchase replacement buses.

	Project Budget	Estimated Expenditures Through June 30, 2009
2007-08 Transit Capital Grant	\$1,813,586	\$1,813,586

2007-08 Capital Grant

The project ordinance for the fiscal year 2007-08 Section 5307 capital grant was adopted on June 9, 2008. Funds are being used to purchase replacement buses.

	Project Budget	Estimated Expenditures Through June 30, 2009
2007-08 Transit Capital Grant	\$2,870,000	\$2,870,000

2007-08 Capital Grant

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

The project ordinance for the fiscal year 2007-08 Section 5307 capital grant was adopted on June 9, 2008. Funds are being used to purchase replacement buses.

	Project Budget	Estimated Expenditures Through June 30, 2009
2007-08 Transit Capital Grant	\$3,750,000	\$-0-

2008-09 Capital Grant

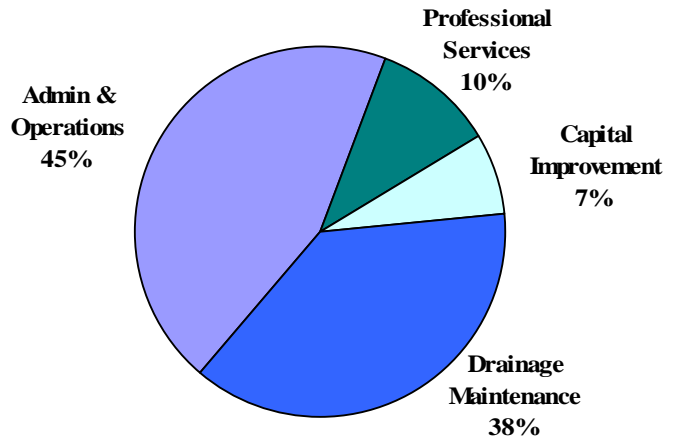
The project ordinance for the fiscal year 2008-09 Section 5307 capital grant was adopted on June 25, 2008. Funds are being used to purchase replacement demand response vans.

	Project Budget	Estimated Expenditures Through June 30, 2009
2008-09 Transit Capital Grant	\$500,000	\$500,000

STORMWATER MANAGEMENT FUND

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

Stormwater Expenses



Total \$2,053,736

PUBLIC WORKS-STORMWATER MANAGEMENT

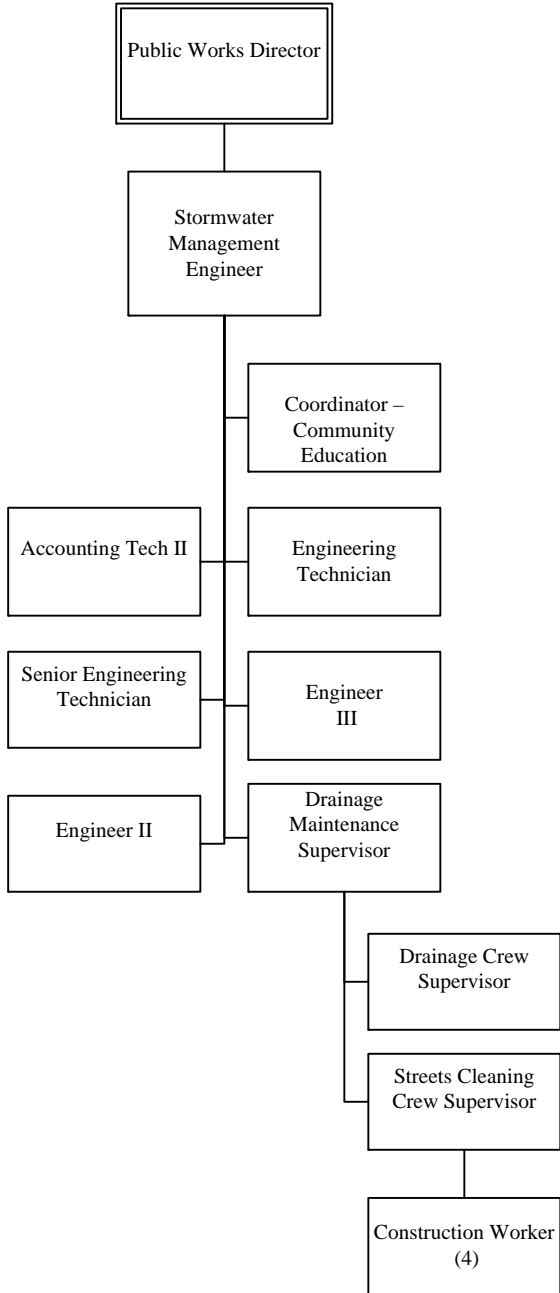
MISSION STATEMENT:

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

Summary of services provided in support of department's mission:

- Protection of health and safety of citizens and ecosystem.
- Addressing stormwater quality and quantity concerns.
- Meeting or exceeding national and state mandates regarding stormwater management.

STORMWATER MANAGEMENT FUND



***STORMWATER MANAGEMENT FUND
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS***

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Stormwater			
Engineer (Stormwater)	3.00	3.00	3.00
Engineering Technician	2.00	2.00	2.00
Coordinator - Community Education	1.00	1.00	1.00
Accounting Tech II	1.00	1.00	1.00
Unit Totals	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
Drainage			
Supervisor-Drainage Maintenance	0.00	1.00	1.00
Supervisor-Drainage Crew	0.00	1.00	1.00
Supervisor-Streets Cleaning Crew	0.00	1.00	1.00
Construction Worker (Levels I-IV)	0.00	4.00	4.00
Unit Totals	<u>0.00</u>	<u>7.00</u>	<u>7.00</u>
 Stormwater Management Fund Totals	 <u>7.00</u>	 <u>14.00</u>	 <u>14.00</u>

Note: Drainage Division moved from Public Works in 2008-09.

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 fee remains unchanged at the initially established rate of \$39 for each 2,000 square feet of impervious surface, and fees are estimated at \$1,700,000 in 2009-10. The 2009-10 budget is balanced with the use of about \$342,000 in fund balance.

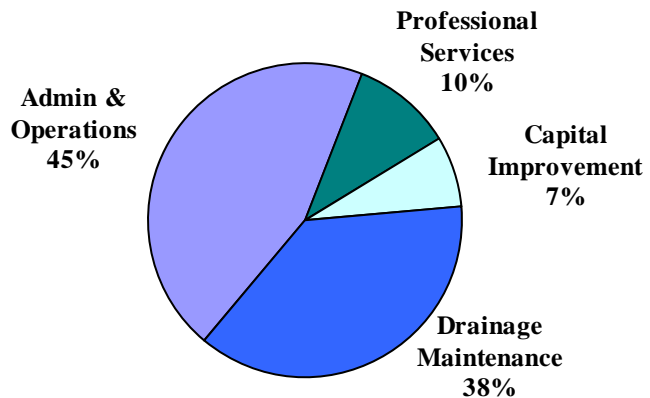
Major Expenditures and Estimates

The adopted budget for 2009-10 totals \$2,053,736. This budget level continues to provide for establishment of the Master Plan and includes operating and maintenance costs of the vacuum truck and operator for storm drain cleaning and repair.

The 2009-10 budget reflects Stormwater Management's continued control over the Drainage division for conducting stormwater-related drainage and maintenance projects.

The \$150,000 budgeted for capital expenditures is intended for design and construction of culvert replacements, stream restoration, and other drainage improvements. Specific priorities will be determined by the Master Plan.

Stormwater Expenses



STORMWATER MANAGEMENT FUND

BUDGET SUMMARY

The 2009-10 adopted budget includes the costs of Stormwater Management as well as the Drainage division, which conducts drainage-related maintenance and repair projects. Expenditures include a 17.1% increase in medical insurance costs and provide for continuation of work on the Master Plan. Expenditures decreased overall in response to decreases in overtime and workers compensation costs. The budget includes planned capital drainage projects totaling \$150,000. The budget is balanced with the use of about \$342,000 in fund balance, which accounts for a decrease in revenues from the previous year's budget.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 823,980	\$ 1,031,915	\$ 967,115	\$ 867,748	\$ 1,005,575	-2.6%
Operating Costs	567,623	918,015	1,482,234	899,287	898,161	-2.2%
Capital Outlay	-	530,000	546,822	611,200	150,000	-71.7%
Total	\$ 1,391,603	\$ 2,479,930	\$ 2,996,171	\$ 2,378,235	\$ 2,053,736	-17.2%

REVENUES

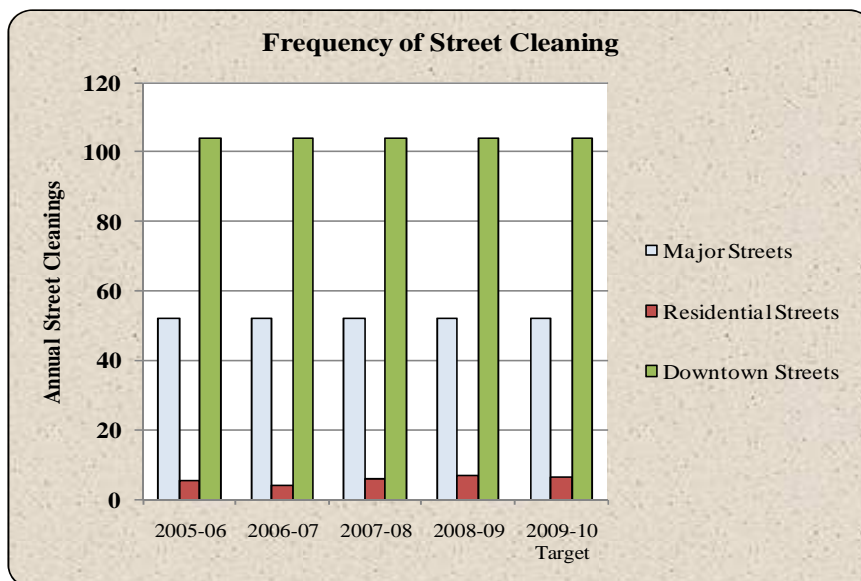
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Stormwater Fees	\$ 1,714,089	\$ 1,700,000	\$ 1,700,000	\$ 1,710,000	\$ 1,700,000	0.0%
Fee Exemption	(3,718)	(4,000)	(6,000)	(6,000)	(4,500)	N/A
Transfer from General Fund	3,718	4,000	6,000	6,000	4,500	12.5%
Interest Income	45,654	-	-	12,000	8,000	N/A
Other Income	3,400	3,600	3,600	3,600	3,600	0.0%
Appropriated Fund Balance	(371,540)	776,330	1,292,571	652,635	342,136	-55.9%
Total	\$ 1,391,603	\$ 2,479,930	\$ 2,996,171	\$ 2,378,235	\$ 2,053,736	-17.2%

STORMWATER MANAGEMENT TRENDS

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

GOAL: To clean major streets once per week, residential streets at least 6.5 cycles per year (every 6 to 8 weeks), and Downtown streets twice per week.

The Stormwater Management Division is responsible for Street Cleaning. Street cleaning on major streets and streets in the Downtown area occurred once per week and twice per week, respectively, each year from 2005-06 to 2008-09. Residential street cleaning increased from 4 cycles in 2006-07 to 7 cycles in 2008-09.



PARKING SERVICES

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

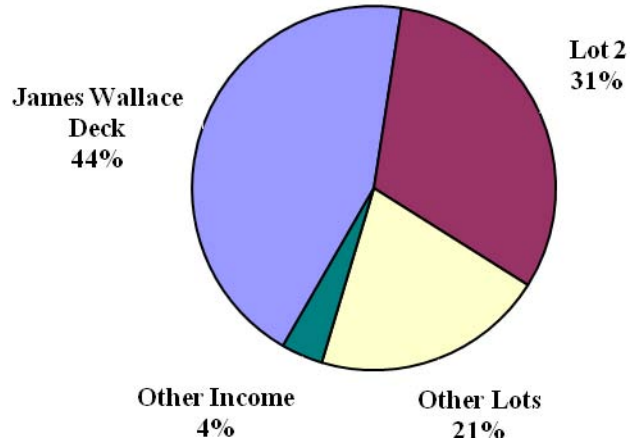
Off-Street Parking

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

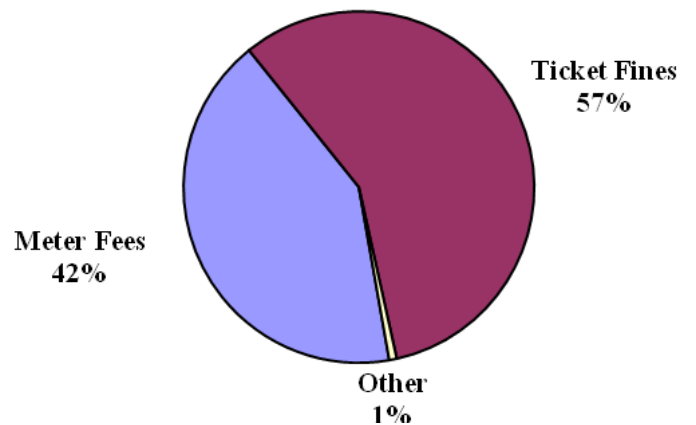
On-Street Parking

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

Off-Street Parking Revenues



On-Street Parking Revenues



PARKING SERVICES

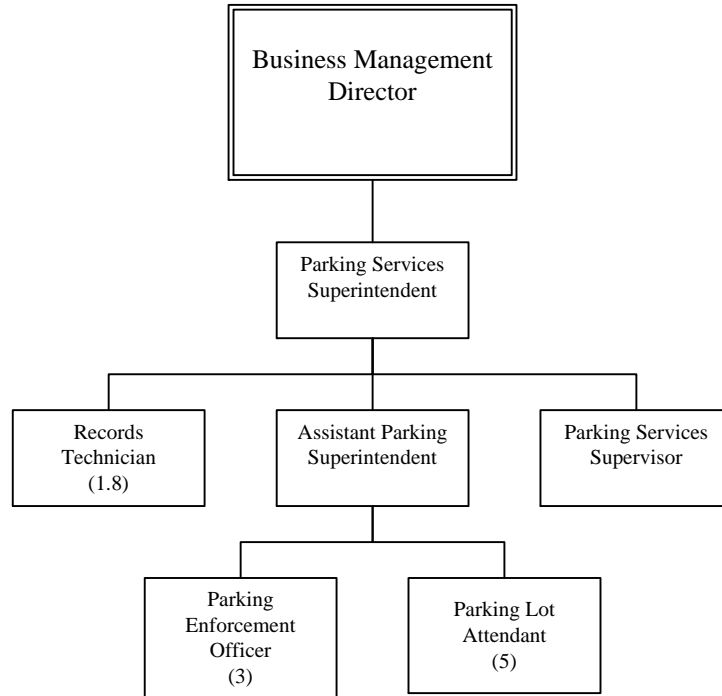
MISSION STATEMENT:

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

Summary of services provided in support of department's mission:

- Management, maintenance and repair of all municipal metered on-street and off-street parking facilities.
- Enforcement of parking ordinances for parking meters, restricted parking zones, and residential on-street parking permit zones; evaluation of residential parking permit applications.
- Issuance of citations for parking ordinance violations; collection of civil penalties and related record-keeping and follow-up after the Police Department makes decisions regarding citizens' appeals of parking citations.
- Lease of designated off-street parking spaces on a monthly basis in accordance with fee policies adopted by the Town Council.
- Collection and deposit of revenues from the Town's parking operations and maintenance of accurate records.
- Support existing development and foster new growth within the Central Business District by providing adequate facilities, responsive community service and fair treatment.

PARKING SERVICES



Note: Parking Services is supervised by the Business Management Director.

PARKING SERVICES
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Superintendent-Parking Services	1.00	1.00	1.00
Assistant Superintendent-Parking Services	1.00	1.00	1.00
Supervisor-Parking Services	1.00	1.00	1.00
Parking Enforcement Officer	3.00	3.00	3.00
Records Technician	1.80	1.80	1.80
Parking Lot Attendant I	4.00	4.00	4.00
Parking Lot Attendant II	1.00	1.00	1.00
Parking Fund Totals	<u>12.80</u>	<u>12.80</u>	<u>12.80</u>

Note: Parking Services is supervised by the Business Management Director

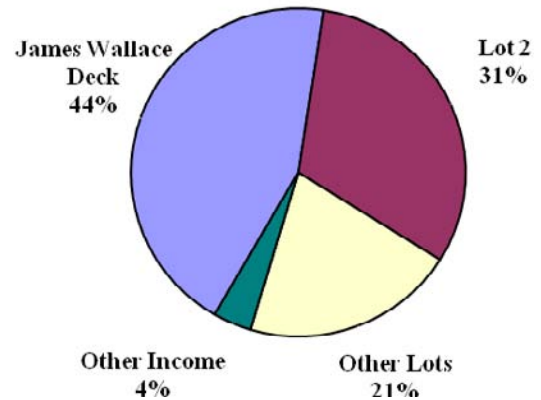
PARKING FUNDS

Major Revenue Sources – Descriptions and Estimates

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

The Off-Street Parking Fund, with an adopted budget of \$1,475,780 for 2009-10, accounts for revenues from the James Wallace Deck, the Craig Lot and five other parking lots in the downtown area. Revenues consist almost exclusively of the fees charged for parking in these lots. About \$651,000, or 44% of total off-street parking revenues, is budgeted from the James Wallace Deck and about \$465,000, or 31%, is budgeted from Lot 2 at the corner of Rosemary and Columbia Streets. Construction of a mixed use development on the Lot 5 site is slated to begin after July 2009. As a result, the Town expects reduced annual revenues for Lot 5 totaling about \$149,000.

Off-Street Parking Revenues



Replacement parking during the period of construction is under consideration, and we are reflecting modest increases in other parking in anticipation of the closing of Lot 5.

The On-Street Parking Fund, with an adopted budget for 2009-10 of \$650,000, has two major revenue sources: parking meter fees and parking ticket fines. Meter fees are estimated to generate about \$273,000 and parking ticket fines about \$372,500 in 2009-10.

Major Expenditures and Estimates

The primary expenditures of the Off-Street Parking Fund include the costs of personnel to manage the lots (approximately \$377,000) and payments for principal and interest on the James Wallace Deck and other lots.

The adopted budget includes a 17.1% increase in medical insurance. The budgeted revenues will yield a reserve of about \$252,000 for use on construction or other initiatives as they are developed.

The On-Street Parking Fund includes expenditures primarily for the personnel to administer and collect meter revenues and parking tickets, about \$317,000. The budget of \$650,000 includes an increase in medical insurance and a transfer of about \$145,000 to the General Fund.

PARKING SERVICES BUDGET SUMMARY

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

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
On-Street Parking	\$ 597,386	\$ 619,150	\$ 628,458	\$ 640,500	\$ 650,000	5.0%
Off-Street Parking	1,178,801	1,394,040	1,489,114	1,134,256	1,475,780	5.9%
Total	\$ 1,776,187	\$ 2,013,190	\$ 2,117,572	\$ 1,774,756	\$ 2,125,780	5.6%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
On-Street Parking	\$ 597,386	\$ 619,150	\$ 628,458	\$ 640,500	\$ 650,000	5.0%
Off-Street Parking	1,178,801	1,394,040	1,489,114	1,134,256	1,475,780	5.9%
Total	\$ 1,776,187	\$ 2,013,190	\$ 2,117,572	\$ 1,774,756	\$ 2,125,780	5.6%

ON-STREET PARKING BUDGET SUMMARY

The adopted budget for On-Street Parking reflects a 5% increase in revenues from parking meter fees and tickets on the basis of Lot 5 closing during the year. The budget also includes a medical insurance increase of 17.1%, reflected by the increase in administration expenses.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Enforcement:						
Personnel	\$ 262,106	\$ 273,001	\$ 272,956	\$ 229,836	\$ 316,896	16.1%
Operations	113,036	157,026	160,334	137,849	142,340	-9.4%
Meters:						
Personnel	68,131	57,871	57,916	54,859	39,954	-31.0%
Operations	7,555	7,349	13,349	7,348	5,376	-26.8%
Transfer to General Fund	146,558	123,903	123,903	210,608	145,434	17.4%
Total	\$ 597,386	\$ 619,150	\$ 628,458	\$ 640,500	\$ 650,000	5.0%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Parking Meter Fees	\$ 280,692	\$ 257,150	\$ 263,150	\$ 284,550	\$ 273,000	6.2%
Parking Ticket Fines/Fees	312,765	357,500	357,500	354,750	372,500	4.2%
Interest Income	3,929	4,500	4,500	1,200	4,500	0.0%
Appropriated Fund Balance	-	-	3,308	-	-	N/A
Total	\$ 597,386	\$ 619,150	\$ 628,458	\$ 640,500	\$ 650,000	5.0%

OFF-STREET PARKING BUDGET SUMMARY

The adopted budget for Off-Street Parking for 2009-10 reflects a 5.9% increase in revenues overall. However, revenues for Lot 5 are expected to drop in response to the Lot 5 Development Project, which is anticipated to begin in 2009-10. Expenditures also increased from the previous year, reflecting debt service payments toward outstanding debt on the Wallace Deck and other lots. The adopted budget also includes a medical insurance increase of 17.1%, reflected by the increase in administration expenses.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
James Wallace Deck	\$ 289,866	\$ 408,445	\$ 315,410	\$ 291,085	\$ 403,845	-1.1%
Parking Lots	257,128	281,708	371,217	353,508	325,418	15.5%
Administration	631,807	703,887	802,487	489,663	746,517	6.1%
Total	\$ 1,178,801	\$ 1,394,040	\$ 1,489,114	\$ 1,134,256	\$ 1,475,780	5.9%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
James Wallace Deck	\$ 592,007	\$ 606,400	\$ 606,400	\$ 648,150	\$ 651,400	7.4%
Lot 2	433,453	465,000	465,000	460,500	465,000	0.0%
Lot 3	80,107	75,200	75,200	71,550	70,000	-6.9%
Lot 4	21,037	18,360	18,360	8,500	33,600	83.0%
Lot 5	328,832	160,600	160,600	263,060	114,300	-28.8%
Lot 6	10,695	14,280	14,280	12,250	14,280	0.0%
Craig Lot	-	-	-	17,600	73,000	N/A
Interest Income	62,246	48,000	48,000	28,400	48,000	0.0%
Miscellaneous Income	42,760	6,200	6,200	5,500	6,200	0.0%
Appropriated Fund Balance	(392,336)	-	95,074	(381,254)	-	N/A
Total	\$ 1,178,801	\$ 1,394,040	\$ 1,489,114	\$ 1,134,256	\$ 1,475,780	5.9%

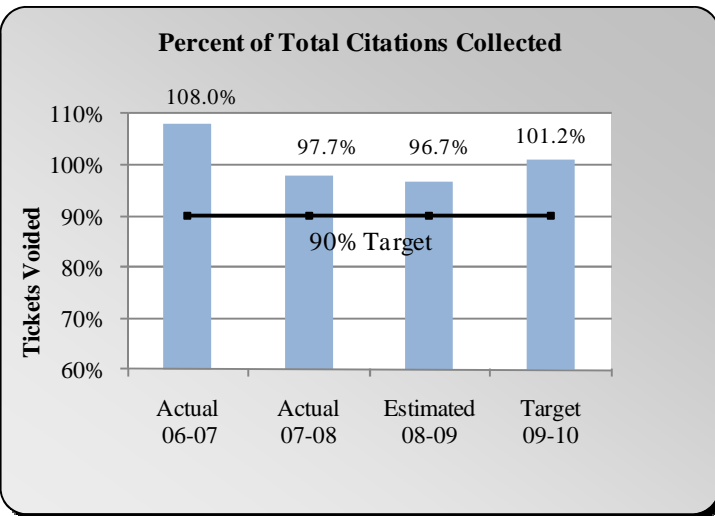
PARKING TRENDS

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

DEPARTMENT GOAL : Issue citations that enforce parking regulations adopted by the Town Council.

OBJECTIVE : Maintain an average collection ratio of 90% or better.

In fiscal year 2008-09, the Parking Services Department met and exceeded the established goal of maintaining an average collection ratio of 90% or better. The high collection rate can be attributed to persistent collection efforts, including booting, towing, and an out-of-state owner retrieval procedure. The collection rate is also an indication of fair and effective customer service, as less than 5% of citations were voided on appeal.



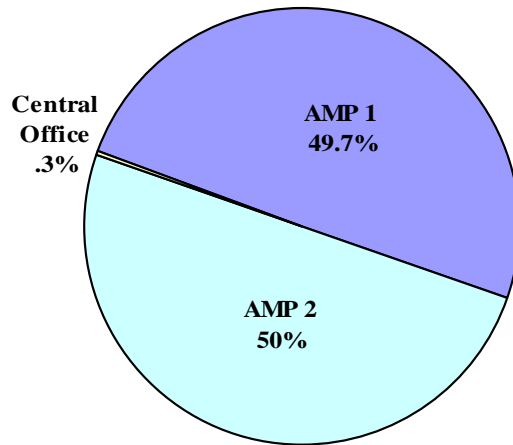
ADDITIONAL DETAIL	Actual 06-07	Actual 07-08	Budget 08-09	Actual 08-09	Change from Prior Year
PARKING REVENUES	2,140,035	2,145,255	2,013,190	2,059,121	-4.0%
Revenue/Space/Day					
Rosemary Deck	5.61	6.31	5.51	6.64	5.2%
Lot 2	12.5	13.62	12.81	13.35	-2.0%
Lot 3	2.18	4.10	3.86	3.84	-6.3%
Lot 4	3.52	4.60	4.37	2.21	-52.0%
Lot 5	6.01	6.55	10.7	5.50	-16.0%
Lot 6	3.39	3.17	3.97	3.53	11.4%
Meters	4.97	4.37	4.06	4.50	3.0%
Turnover					
Rosemary Deck	1.55	2.26	--	2.36	4.4%
Lot 2	4.92	5.55	--	5.62	1.3%

PUBLIC HOUSING FUND

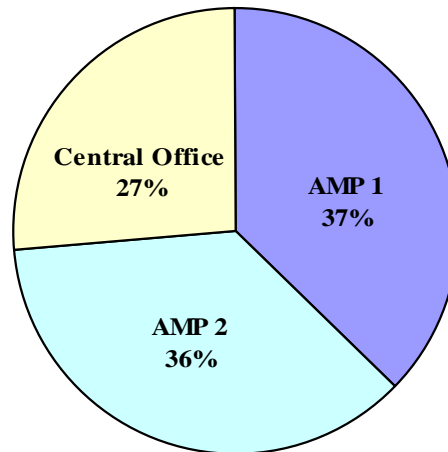
The Public Housing Fund is used to account for federal grants restricted for the Town's public housing programs.

HUD's funding model changed significantly in 2007-08, dictating changes that preclude comparison with the historical model. Under the new funding formula, the Town's 13 public housing sites are separate into two Asset Management Projects (AMPs) and HUD's funding is allocated by AMP. Overhead costs are accounted for in the "Central Office Cost Center" and are funded through internal fees charged to the AMPs.

**Housing Revenues
Net of Transfers**



**Housing Expenses
(Net of Transfers)**



HOUSING DEPARTMENT

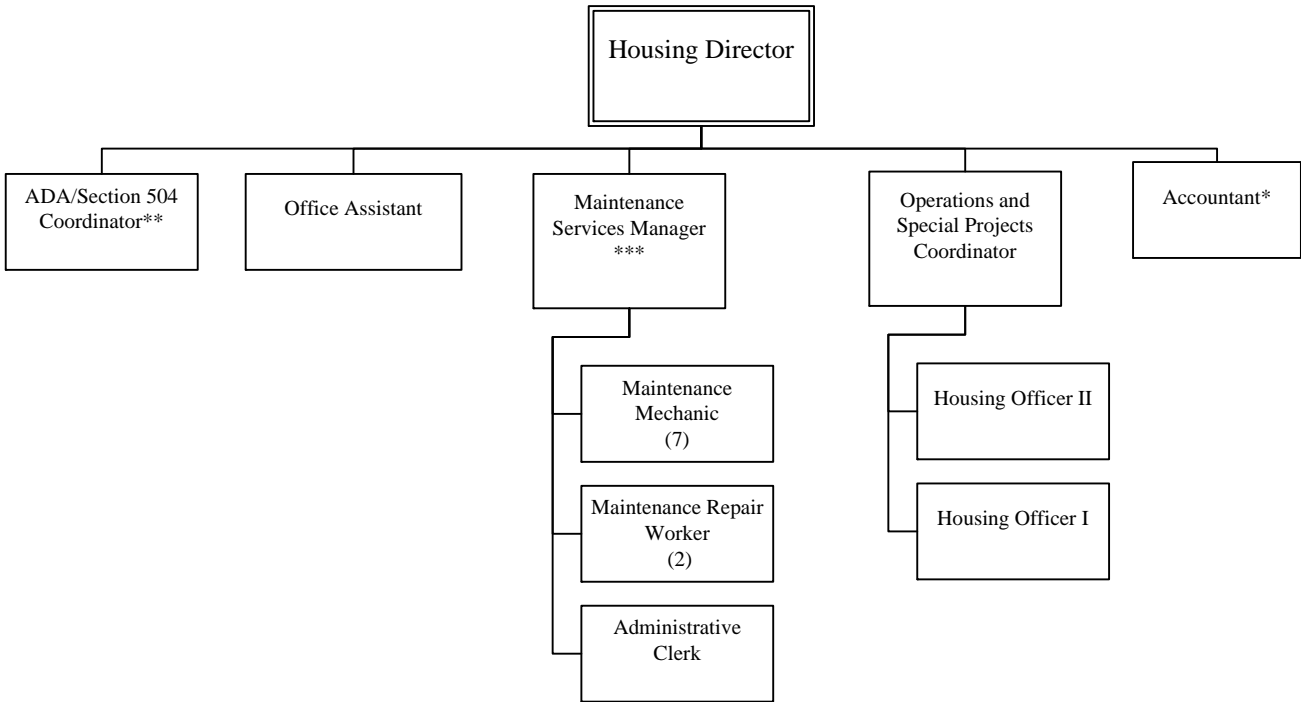
MISSION STATEMENT:

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

Summary of services provided in support of department's mission:

- Low cost or no cost rental housing for low-income families.
- Respond daily to residents' requests for repair services.
- Twenty-four hour emergency maintenance repair services 7 days a week.
- Education opportunities, job training, budgeting and life skills development services to help public housing families achieve economic independence.
- Referral services for residents experiencing alcohol or drug dependency problems.
- Conflict resolution services to help residents resolve disputes.
- Referral services for families needing financial assistance to pay rent.
- Read mail and other correspondence for residents who cannot read.
- Make home visits to complete redeterminations or eligibility or receive rent from elderly or disabled residents who can not come to the office.
- Information and referral services to public housing applicants and the general public about the public housing programs and other federal housing programs.

HOUSING



*Position is funded by the Housing Department and supervised by the Business Management Department.

**Grant-funded position.

***Maintenance positions are funded by the Housing Department and supervised by the Public Works Department.

PUBLIC HOUSING
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Administration			
Director-Housing	1.00	1.00	1.00
Operations and Special Projects Coordinator	1.00	1.00	1.00
Accountant - Housing*	1.00	1.00	1.00
Office Assistant	1.00	1.00	1.00
ADA/Section 504 Coordinator**	0.00	1.00	1.00
Division Totals	<u>4.00</u>	<u>5.00</u>	<u>5.00</u>
Maintenance***			
Maintenance Services Manager	1.00	1.00	1.00
Maintenance Mechanic (Repair Worker, I, II, III)	9.00	9.00	9.00
Administrative Clerk	1.00	1.00	1.00
Division Totals	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>
Resident Services			
Housing Officer II	1.00	1.00	1.00
Housing Officer I	1.00	1.00	1.00
Division Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
Housing Department Totals	<u><u>17.00</u></u>	<u><u>18.00</u></u>	<u><u>18.00</u></u>

*The Accountant position is supervised by the Business Management Department.

**Grant-funded position.

***Maintenance positions are supervised by the Public Works Department.

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 prescribes 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 has delayed funding determination, and HUD has been funding housing agencies for a few months at a time since 2008. Smaller housing agencies were allowed to opt out of Asset Management funding for 2008-09, and doing so provided additional funding from HUD. We have no indication that "opting out" will continue, and have prepared the budget under the Asset Management model accordingly.

Our estimate of HUD's subsidy based on interim allocations for 2009-10 is \$1,098,770, a 9% increase over the FY08 budgeted subsidy of \$1,000,724. The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at about \$392,000, \$38,000 less than budgeted in 2008-09.

HUD's new funding formula allocates the subsidy to the two designated projects or "AMPs" that are comprised of the Town's public housing locations. All overhead costs are accounted for separately in the Central Office Cost Center, which charges fees to the AMPs for central administration, but the fees are capped. In order to continue the current level of funding for Housing administration, we are continuing to budget a transfer from the General Fund in the amount of \$176,000.

The transfers from the AMPs to the Central Office totaling \$262,292 are shown as revenue to the Central Office and an expense to the AMP's. The adopted budget for fiscal year 2009-10 net of the transfers is about \$1.6 million. The budget including the internal transfers to the Central Office Cost Center is about \$1.9 million.

Major Expenditures and Estimates

Major expenditure categories include about \$982,000 for salaries, \$128,000 for utilities, \$83,000 for liability and flood insurance and \$248,000 for maintenance of the units. The new reporting rules require that we separate expenses of the AMPs from those of the Central Office Cost Center.

Net of the transfer to the central office, expenses are allocated as follows:

Central Office	\$442,415
AMP 1	621,621
AMP 2	<u>607,857</u>
Total	<u>\$1,671,893</u>

The budget is balanced by holding open a vacant maintenance for FY2009-10. The overall budget increase of 1.9% (net of interfund transfers) is largely comprised of a 17.1% increase in medical insurance cost and increases for telephone maintenance, vehicle fuel and flood insurance.

PUBLIC HOUSING

BUDGET SUMMARY - NEW BUDGETING MODEL

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 and 2007-08 was the first year of the new budgeting model. The new model requires the Central Office to be funded by fees charged to the projects or "AMPs", requiring a Transfer from the General Fund in order to maintain current operations. HUD Contributions have been greater than anticipated in 2008-09, the first year the AMPs have been funded individually.

REVENUES

	2007-08	2008-09	2008-09	2009-10	% Change
	Actual	Adopted	Estimated	Adopted	from
		Budget		Budget	2007-08
AMP 1					
HUD Contributions	\$ 574,763	\$ 480,348	\$ 582,000	\$ 510,000	6.2%
Rental Revenue	237,957	227,500	227,617	233,500	2.6%
Other Revenues	3,621	500	300	250	-50.0%
Appropriated Fund Balance	(285,120)	-	(100,869)	-	N/A
Total AMP 1	\$ 531,221	\$ 708,348	\$ 709,048	\$ 743,750	5.0%
AMP 2					
HUD Contributions	\$ 580,924	\$ 520,376	\$ 605,000	\$ 588,770	13.1%
Rental Revenue	215,102	203,000	175,365	159,000	-21.7%
Other Revenues	3,110	-	350	250	N/A
Appropriated Fund Balance	(302,834)	2,905	(76,434)	-	-100.0%
Total AMP 2	\$ 496,302	\$ 726,281	\$ 704,281	\$ 748,020	3.0%
Central Office Cost Center					
Interest Income	\$ 35,754	\$ 30,000	\$ 9,200	\$ 4,123	-86.3%
Other Income	735	-	-	-	N/A
Transfer from General Fund	176,000	176,000	-	176,000	0.0%
Internal Transfers	-	236,285	260,609	262,292	11.0%
Appropriated Fund Balance	204,691	-	157,902	-	N/A
Total Central Office	\$ 417,180	\$ 442,285	\$ 427,711	\$ 442,415	0.0%
Total Revenues	\$ 1,444,703	\$ 1,876,914	\$ 1,841,040	\$ 1,934,185	3.1%

PUBLIC HOUSING
BUDGET SUMMARY - NEW BUDGETING MODEL

In the current fiscal year, we expect revenue in excess of expenditures, shown as "contribution to reserves" below to present a balanced budget. The excess amounts to \$209,711 for all divisions. AMP 1 is expected to show a profit in 2009-10 as well. Increases for 2008-09 include the full year cost of prior year raises, increased fuel and utility costs, increased property, liability and workers compensation insurance, a 10% increase in medical insurance, and employee pay adjustments.

EXPENDITURES

	2007-08 Actual	2008-09 Adopted Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2007-08
AMP 1					
Division Budget	\$ 531,221	\$ 578,219	\$ 586,119	\$ 598,360	3.5%
Internal Transfers		121,366	122,929	122,129	0.6%
Contribution to Reserves		8,763	100,869	23,261	165.4%
Total	\$ 531,221	\$ 708,348	\$ 809,917	\$ 743,750	5.0%
AMP 2					
Division Budget	\$ 496,302	\$ 611,362	\$ 566,601	\$ 607,857	-0.6%
Internal Transfers		114,919	137,680	140,163	22.0%
Contribution to Reserves		-	76,434	-	N/A
Total	\$ 496,302	\$ 726,281	\$ 780,715	\$ 748,020	3.0%
Central Office Cost Center					
Division Budget	\$ 417,180	\$ 432,067	\$ 427,711	\$ 442,415	2.4%
Contribution to Reserves		10,218	(157,902)	-	-100.0%
Total	\$ 417,180	\$ 442,285	\$ 269,809	\$ 442,415	0.0%
Total Expenses	\$ 1,444,703	\$ 1,876,914	\$ 1,860,441	\$ 1,934,185	3.1%

PUBLIC HOUSING FUND

New Operating Fund Final Rule

In the fall of 2005, HUD adopted a “new Operating Fund final rule” which prescribes a phased series of changes to public housing management and reporting requirements. There were five elements of the new reporting and operating model:

<u>Element</u>	<u>Implementation Date</u>
Project-based funding	Implemented at agency level for calendar year 2007, at AMP level for calendar year 2008
Project-based budgeting	Required for fiscal year 2007-08
Project-based accounting	Required for fiscal year 2007-08
Project-based management	Required for fiscal year 2007-08
Project-based performance assessment	Under review, initially set for implementation in second year after project-based accounting

The first phase of project-based funding is complete, with the 2007 calendar year funding established at agency level on a project-based format. The 2007-08 budget was the first to be established under the new reporting model.

Asset Management Projects

Under project-based budgeting and accounting, housing agencies are encouraged to operate as much as possible like for-profit property management firms. The funding stream and expenditure tracking are focused on the properties rather than on the agency as a whole. The Town was required last year to identify Asset Management Projects (AMPs) that would be reported under the new asset management rules, and the Town’s public housing locations were split as follows:

AMP 1 Locations

Lindsay
Craig Gomains
Trinity
Pritchard Park
Church/Caldwell
N. Columbia St.

AMP 2 Locations

S. Estes
S. Roberson
Colony Wood
Eastwood
Oakwood
Rainbow Heights

Each AMP is expected to operate as a functional unit, with each AMP calculating its profit or loss separately.

PUBLIC HOUSING FUND

New Operating Fund Final Rule

Central Office Cost Center

The Central Office Cost Center is funded through fees charged to the AMPs for project management and oversight functions. The fees are calculated as follows:

Property Management Fees – Can be calculated with an independent survey of property management fees charged by the for-profit industry in your area, or you can use the fee schedule established by HUD by geographical area. The fee is calculated per unit per month for all occupied units or HUD-approved vacancies. For our area, the schedule allots \$50.29 per unit per month.

Bookkeeping Fees – Calculated at \$7.50 per unit per month for all occupied units and approved vacancies.

Asset Management Fees – Calculated at \$10 per unit per month, but restricted to AMPs that have excess cash. The other fees may be accrued and paid when cash becomes available, but the asset management fee cannot be assessed to a unit that is not showing a profit.

Among the expenses required by HUD to be allocated to the Central Office are management salaries, human resource costs, legal fees, accounting services, centralized servers, software maintenance and support, risk management, centralized procurement and inventory management.

PUBLIC HOUSING

AMP 1 Budget

AMP 1 consists of 161 rental units of public housing from properties at Lindsay Street, Craig Gomains, Trinity, Pritchard Park, Church/Caldwell, Airport Road and N. Columbia Street. Renovation of the units at N. Columbia Street have been completed in FY09 and the units are expected to return to service during 2010.

EXPENDITURES

	AMP Budget	Interfund Transfers	2009-10 Adopted Budget
Personnel	\$ 325,745	\$ -	\$ 325,745
Operating	295,876	-	295,876
Central Office Fees	-	122,129	122,129
Total	\$ 621,621	\$ 122,129	\$ 743,750

REVENUES

	AMP Budget	Interfund Transfers	2009-10 Adopted Budget
HUD Subsidy	\$ 510,000	\$ -	\$ 510,000
Rental Revenues	233,500	-	233,500
Other Income	250	-	250
Total	\$ 743,750	\$ -	\$ 743,750

NET PROFIT/LOSS	\$ 122,129	\$ (122,129)	\$ -
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PUBLIC HOUSING
AMP 2 Budget

AMP 2 consists of 175 rental units of public housing from properties at S. Estes, S. Roberson, Colony Woods, Eastwood, Oakwood and Rainbow Heights.

EXPENDITURES

	AMP 2 Budget	Interfund Transfers	2009-10 Adopted Budget
Personnel	\$ 332,986	\$ -	\$ 332,986
Operating	274,871	-	274,871
Central Office Fees	-	140,163	140,163
Total	\$ 607,857	\$ 140,163	\$ 748,020

REVENUES

	AMP 2 Budget	Interfund Transfers	2009-10 Adopted Budget
HUD Subsidy	\$ 588,770	\$ -	\$ 588,770
Rental Revenues	159,000	-	159,000
Other Income	250	-	250
Total	\$ 748,020	\$ -	\$ 748,020

NET PROFIT/LOSS \$ 140,163 \$ (140,163) \$ -

PUBLIC HOUSING
Central Office Cost Center Budget

The Central Office Cost Center consists of all overhead and administrative cost as defined by HUD to include management, central warehouse, computer and telephone systems maintenance, legal fees and retiree health liability. The Central Office budget is balanced with a transfer from the General Fund to supplement fees charged to the AMPs as established by HUD's Asset Based Management.

EXPENDITURES

	Central Office Budget	Interfund Transfers	2009-10 Adopted Budget
Personnel	\$ 323,370	\$ -	\$ 323,370
Operating	119,045	-	119,045
Central Office Fees	-	-	-
Total	\$ 442,415	\$ -	\$ 442,415

REVENUES

	Central Office Budget	Interfund Transfers	2009-10 Adopted Budget
Interfund Transfers	\$ -	\$ 262,292	\$ 262,292
Transfer from the General Fund	176,000	-	176,000
Interest Income	4,123	-	4,123
Total	\$ 180,123	\$ 262,292	\$ 442,415

NET PROFIT/LOSS	\$ (262,292)	\$ 262,292	\$ -
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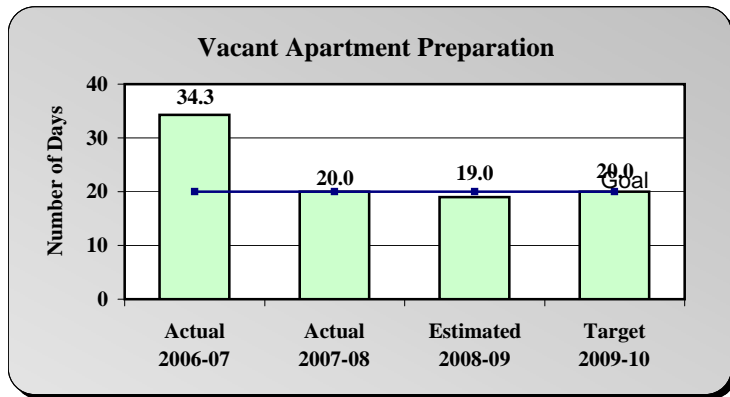
HOUSING TRENDS

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

GOAL : Maximize livable housing stock.

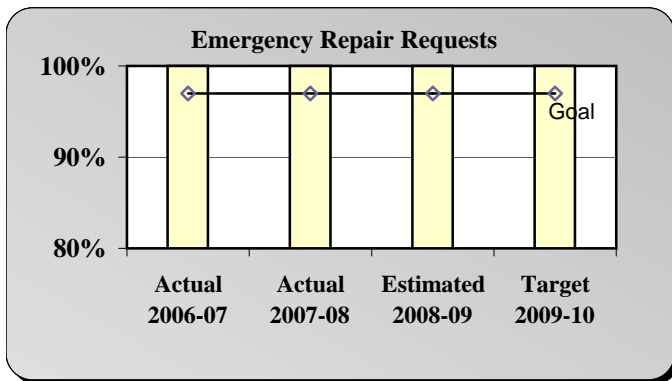
OBJECTIVE : Prepare vacant apartments for occupancy within 20 days.

In fiscal year 2008-09, the Housing Department exceeded this goal, improving on the prior year's performance. The Housing Department will strive to achieve this goal again in fiscal year 2009-10.



GOAL : Maximize livable housing stock.

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

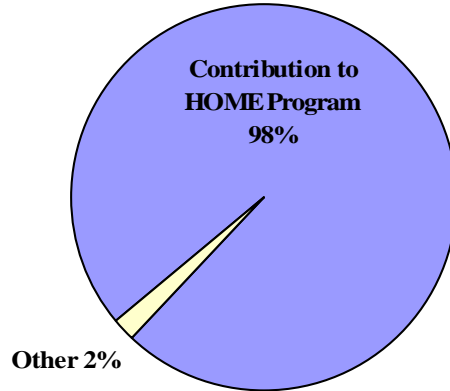


In fiscal year 2008-09, the Housing Department completed or abated 100% of its 81 emergency repairs within 24 hours, following standards set forth by the Department of Housing and Urban Development.

HOUSING LOAN TRUST FUND

The Housing Loan Trust Fund accounts for the Town's loan programs for the purchase and renovation of homes for lower income families.

Housing Loan Trust Expenditures



HOUSING LOAN TRUST FUND

BUDGET SUMMARY

The Housing Loan Trust Fund budget for 2008-09 was set to exhaust the remaining funds available for existing programs for mortgage assistance and the Town's share of matching funds for the HOME program administered by Orange County. Expenses in 2008-09 are estimated to leave \$66,260 available to appropriate for the FY2009-10 fiscal year.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Other Expenses	\$ 1,155	\$ 1,260	\$ 1,260	\$ 1,260	\$ 1,260	0.0%
Grants/Deferred Loans	145,747	138,726	138,726	14,638	-	-100.0%
Interest	-	-	-	-	-	N/A
Contributions to Agencies:						
HOME Program Match	122,396	61,400	61,400	61,400	65,000	5.9%
Total	\$ 269,298	\$ 201,386	\$ 201,386	\$ 77,298	\$ 66,260	-67.1%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Interest Income	\$ 6,184	\$ 4,000	\$ 4,000	\$ 750	\$ 750	-81.3%
Program Income	99,605	-	-	-	-	N/A
2nd Mortgage Payoff	85,040	-	-	-	-	N/A
Appropriated						
Fund Balance	78,469	197,386	197,386	76,548	65,510	-66.8%
Total	\$ 269,298	\$ 201,386	\$ 201,386	\$ 77,298	\$ 66,260	-67.1%

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.

The 2001 project ordinance budgets a \$441,000 grant and \$35,000 of program income for rehabilitation of public housing, Meadowmont Affordable Townhomes, neighborhood revitalization, property acquisition for a Habitat for Humanity subdivision, and community services.

The 2002 project ordinance budgets a \$445,000 grant and \$16,000 of program income for rehabilitation of public housing, neighborhood revitalization, community services, and acquisition of property for a Habitat for Humanity subdivision.

The 2003 project ordinance budgets a \$723,000 grant and \$5,250 of reallocated funds for rehabilitation of public housing, neighborhood revitalization, a comprehensive rehabilitation program, and community services.

The 2004 project ordinance budgets a \$711,000 grant and \$91,318 of program income for rehabilitation of public housing, neighborhood revitalization, homeownership assistance, and community services.

The 2005 project ordinance budgets a \$666,392 grant and \$17,475 of program income for rehabilitation of public housing, acquisition of property in the Northside neighborhood, start-up costs for a new men's homeless shelter, sewer connection assistance, and community services.

The 2006 project ordinance budgets a \$598,310 grant for rehabilitation of public housing, acquisition of property in the Northside and Pine Knolls neighborhoods, and community services.

The 2007 project ordinance budgets a \$596,282 grant for rehabilitation of public housing, homeownership assistance, a comprehensive housing rehabilitation program for the Northside and Pine Knolls neighborhoods, neighborhood revitalization activities, and community services.

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

CAPITAL PROGRAM

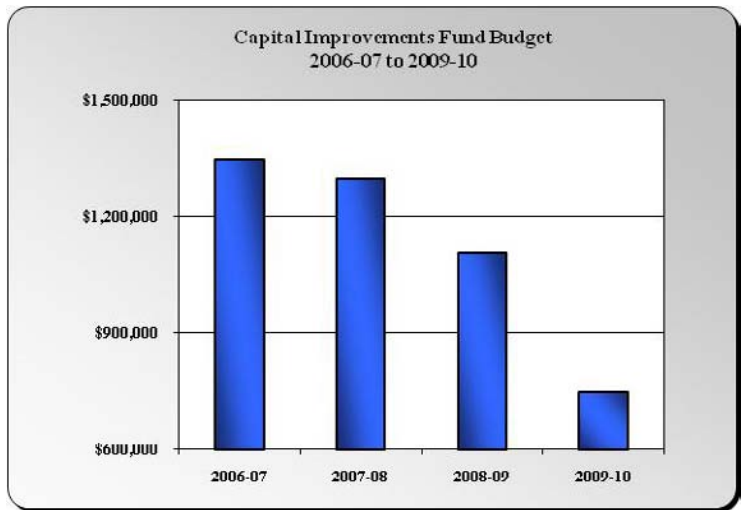
The Capital Program is a 15-year financial plan for the Town's major capital and infrastructure needs. The program identifies capital needs, establishes priorities and identifies potential funding sources.

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 2009-10 are part of the 2009-10 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.

Funding for the 2009-10 Capital Program decreased from previous years as a result of anticipated revenue constraints.



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. The 2009-10 adopted budget reflects an abbreviated 5-year plan resulting from an anticipated decrease in revenues used for capital improvements.

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

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.

CAPITAL PROGRAM – MAJOR REVENUE SOURCES

Other Sources

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

CAPITAL PROGRAM – KEY PROJECTS

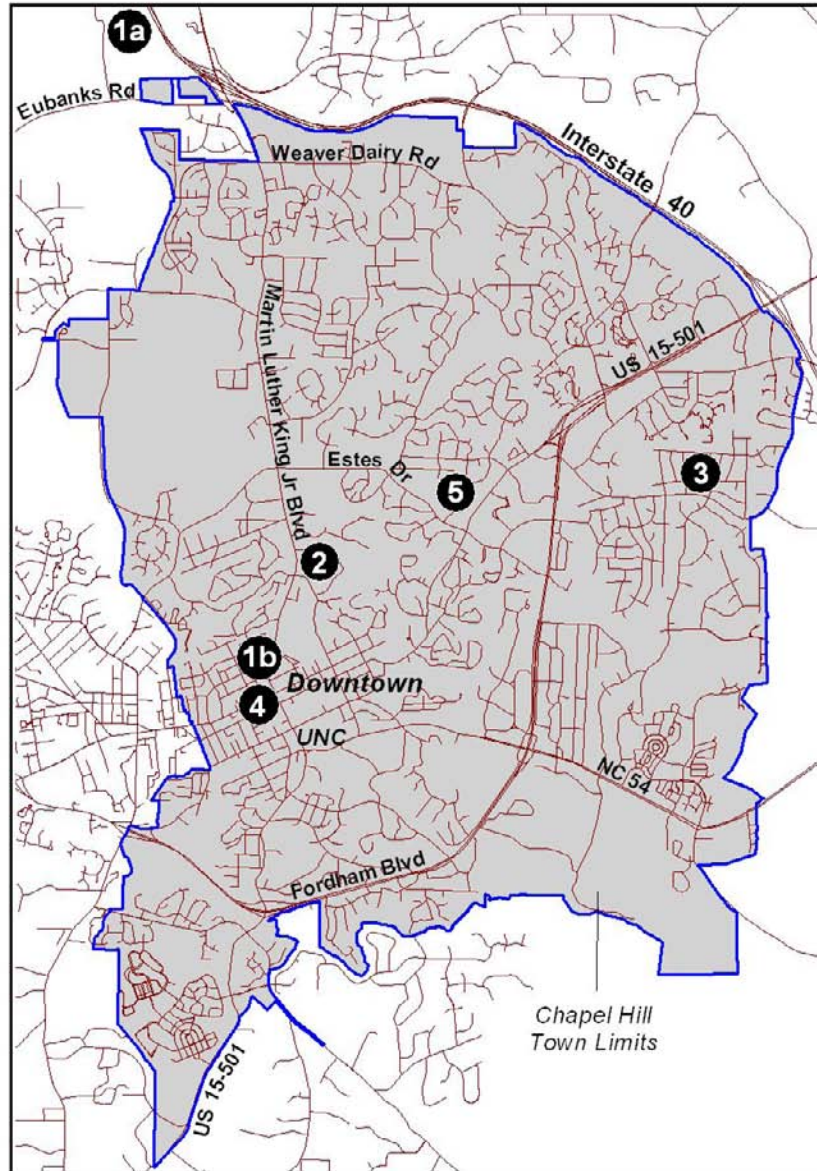
This section highlights key projects included in the 2009-24 Capital Program. The map on the following page shows project locations.

Major projects in the Program anticipated to take place over the next five years include installation of a municipal fiber optic cable network, expansion of the Police Department parking lot and replacement of playground equipment at Burlington Park. Other capital projects include the expansion of the Public Library, construction of sidewalk and bicycle facilities, construction of 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.

The Town has negotiated an agreement with RAM Development Corporation for the construction of a mixed use development on the Town's Lot 5 property. The project will include a level of public parking in an underground parking deck and a public plaza adjoining the development. Construction is expected to begin in 2009.

CAPITAL PROGRAM – KEY PROJECTS



Location of Key Capital Projects

KEY

1a. Town Operations Center (Fiber optic hub); 1b. Town Hall (Fiber optic hub); 2. Police Department; 3. Burlington Park; 4. Parking Lot #5 development; 5. Library expansion

CAPITAL PROGRAM – KEY PROJECTS

1. Municipal Fiber Project

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

The Town municipal fiber will provide reliable site-to-site communication services for both emergency and day-to-day activities. The project is scheduled to begin in September, 2009 and is expected to be completed in 2011.

2. Police Department Parking Lot Expansion

Due to an increase in the number of employees and use of training facilities by other agencies, parking at the Police Department has become limited for citizens visiting the building. As a result, parking in undesignated areas with limited visibility has increased. Parking in undesignated areas is both unsafe and damaging to landscaping. Additional parking lot spaces will improve access to the facility and enhance safety and security of parking lot.

3. Playground Replacement

Playground equipment in at least four Town parks is in need of replacement due to aging and in order to comply with Americans with Disabilities Act and Consumer Product Safety Commission guidelines. The Town aims to replace equipment in four parks over the next four years, one per year, beginning with Burlington Park. The goal of playground replacement is to provide safe, accessible facilities for the citizens of Chapel Hill.

4. Downtown Economic Development Initiative

The Town Council has selected Ram Development Company of Florida to develop Town Parking Lot 5. The mixed-use project will include the construction of residential condominiums, retail space, public space and underground parking at Lot 5. The design and permitting process is underway, with construction anticipated to begin in 2009.

5. Library Building Expansion

In November 2003, voters approved a \$16.23 million bond for improvements to the Chapel Hill Public Library. In June of 2004, the Town Council appointed a 15 member Library Building Committee to select an architect for a facility expansion project, and work with the architect through the schematic design process. In October of 2006 the Town executed a contract with Corley, Redfoot, Zack Inc., working with Robert A. M. Stern Architects, to prepare plans for the Library expansion project.

CAPITAL PROGRAM – KEY PROJECTS

During the winter and spring of 2007, the design consultants worked with Town staff and developed design options for consideration by the Library Building Committee. The process involved a number of meetings with the Library Building Committee resulting in a Conceptual Plan that was approved by the Committee on June 14, 2007.

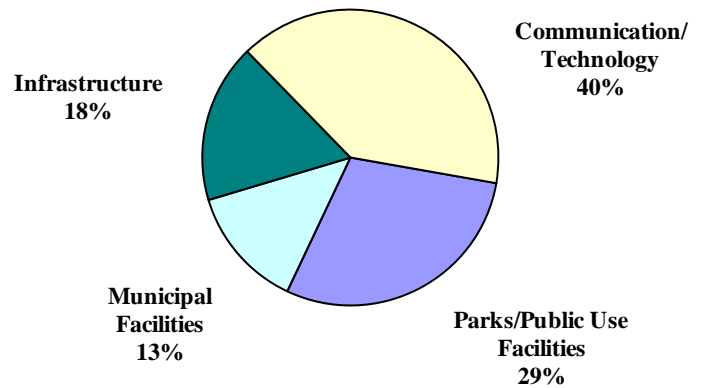
On July 20, 2007, the Town Manager executed a contract with Clancy & Theys Construction Company to provide construction management services for the Library expansion project. Consistent with the Council's February 13, 2006 authorization this agreement permits the selected firm to proceed with the project as a Construction Manager at Risk pending agreement on a "guaranteed maximum price" at the time construction documents are complete.

Acting in its role as owner, the Town Council approved the Schematic Design proposal and authorized the Town's consultants to proceed with Design Development drawings. On January 14, 2008, the Town Council approved the Special Use Permit Modification plans. Construction is scheduled to begin in FY 2009-10.

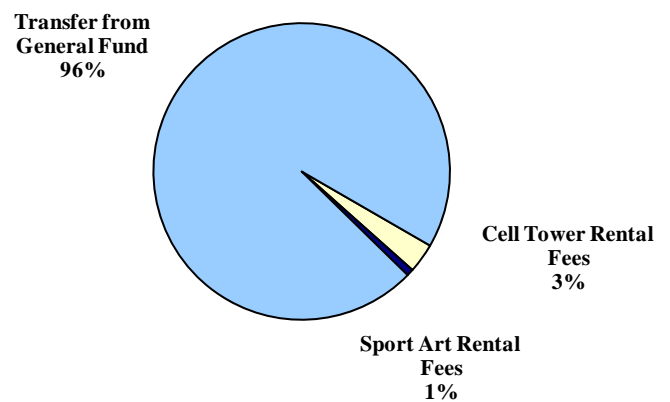
CAPITAL IMPROVEMENTS FUND

The Capital Improvements Fund generally accounts for purchases and construction that can be completed within a single year. It also includes debt service payments for these types of capital projects. Capital Improvements Fund projects are outlined in the Town's 15-year capital budget.

**Capital Improvements Fund
2009-10 Expenditures**



**Capital Improvements Fund
Revenues**



CAPITAL IMPROVEMENTS FUND

BUDGET SUMMARY

The budget for the Capital Improvements Program for 2009-10 totals \$749,000, and includes projects to be completed in the next five years.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget
Municipal Facilities	285,484	256,000	1,145,968	580,707	100,000
Facilities Leased by Others	21,607	-	24,498	8,298	-
Infrastructure	174,502	80,000	145,414	914	130,000
Communication/Technology	102,654	227,000	340,798	133,316	300,000
Parks/Public Use Facilities	1,445,642	544,000	1,081,856	323,581	219,000
Total	2,029,889	1,107,000	2,738,534	1,046,816	749,000

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget
UNC Contribution	60,389	-	-	28,455	-
Cell Tower Rental Fees	73,068	60,000	60,000	60,000	60,000
Rent-Sport Art Gymnasium	13,800	14,000	14,000	14,000	14,000
Interest on Investments	23,863	-	-	10,000	-
Revenue in Lieu	110,750	-	53,616	65,442	-
Insurance Claims	-	-	11,826	-	-
Transfer from 440 Capital Project	-	-	37,000	-	-
Transfer from General Fund	1,120,950	1,033,000	1,103,000	1,103,000	305,000
Appropriated Fund Balance	627,069	-	1,459,092	(234,081)	370,000
Total	2,029,889	1,107,000	2,738,534	1,046,816	749,000

CAPITAL IMPROVEMENTS FUND
DETAIL EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget
MUNICIPAL OPERATIONS FACILITIES					
Town Hall: Replacement of HVAC Units	28,738	-	584,130	440,177	-
General Maintenance	6,225	-	-	-	-
Extraordinary Maintenance, Emergency Repairs	104,094	100,000	103,431	73,030	100,000
Fire Station #2 Capital Maintenance	-	-	98,294	35,500	-
Fire Station #3 Capital Maintenance	20,387	106,000	180,613	2,800	-
Library Capital Maintenance	-	-	49,500	-	-
Police HQ - Capital Maintenance	-	-	80,000	29,200	-
Town Hall & Council Chamber Capital Improvements	-	50,000	50,000	-	-
Financing Payments - Roof Replacements - Town Hall, Fire Stations #2 and #3	126,040	-	-	-	-
Subtotal	285,484	256,000	1,145,968	580,707	100,000
TOWN FACILITIES LEASED BY OTHERS					
Old Post Office Capital Maintenance	21,607	-	24,498	8,298	-
Subtotal	21,607	-	24,498	8,298	-
INFRASTRUCTURE					
Jay Street Paving	9,085	-	5,914	914	-
Bikeways	143,243	50,000	57,138	-	-
Path, Trail and Lot Maintenance	-	-	-	-	100,000
Sidewalks	8,490	-	26,527	-	-
Curbs / ADA	13,684	30,000	37,835	-	30,000
Cameron Avenue Railroad Crossing Improvements (Town Share)	-	-	18,000	-	-
Subtotal	174,502	80,000	145,414	914	130,000

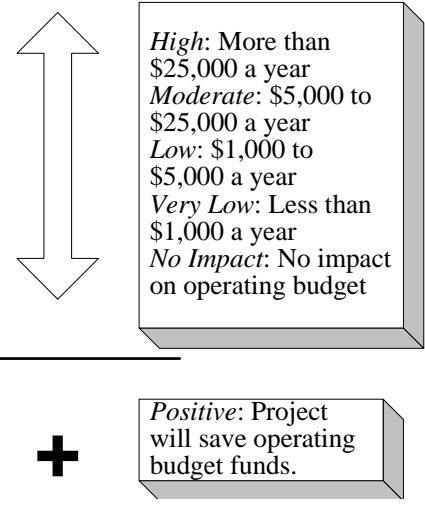
***CAPITAL IMPROVEMENTS FUND
DETAIL EXPENDITURES***

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget
COMMUNICATIONS AND TECHNOLOGY					
Traffic Signal Upgrade	90,000	-	76,452	75,876	-
Fiber Optic Network	12,654	227,000	87,346	37,346	300,000
Fire House Mobile & GIS System for Response Units	-	-	100,000	17,158	-
Public Works Vehicle Location & Mobile Data System	-	-	50,000	2,936	-
Aquatics Center Fiber Optics/Security System	-	-	27,000	-	-
Subtotal	102,654	227,000	340,798	133,316	300,000
PARKS AND OTHER PUBLIC USE FACILITIES					
Greenways	12,117	50,000	92,576	38,454	50,000
Sport Arts Building	16,465	14,000	30,686	3,550	14,000
Southern Community Park	-	-	3,230	-	-
Playground Replacement	-	-	-	-	75,000
Homestead Park	-	-	3,856	-	-
A.D. Clark Pool Maintenance	-	-	17,300	-	-
Morgan Creek Greenway Signage	-	-	4,603	-	-
Cemetery Beautification	60,389	20,000	164,900	53,460	20,000
Small Park Improvements	76,991	60,000	133,223	119,041	60,000
Athletic Field Light Replacement	12,000	400,000	551,616	33,670	-
Parks Maintenance Assessment	12,000	-	18,000	18,000	-
Community Center - Capital Construction Costs	925,860	-	61,866	57,406	-
Financing Payments - Aquatics Center	183,569	-	-	-	-
Financing Payments - Hargraves Renovation	146,251	-	-	-	-
Subtotal	1,445,642	544,000	1,081,856	323,581	219,000
TOTALS	2,029,889	1,107,000	2,738,534	1,046,816	749,000

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

This section provides descriptions of capital projects funded in the 2009-10 budget shown in Table 1. The projects listed are those funded or proposed to receive funding through the Capital Improvements Fund, Stormwater Management Funds, Grant Funds and/or Special Purpose Funds.

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

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

Illustration: Tips for Reading Project Descriptions

Project Name	MUNICIPAL OPERATIONS FACILITIES	Project Category
	<p><u>Extraordinary Maintenance, Emergency Repairs</u></p> <p>From time to time, unanticipated failures occur in building systems that require immediate emergency repairs. Examples of projects include roof repairs, HVAC system repairs, asbestos/lead abatements, vandalism remediation, swimming pool mechanical system repairs and hazardous material spill abatements.</p>	Description
Effect on Town's operating budget when project is implemented.	<p><i>Table and Ref #:</i> Table 1, Ref #2</p> <p><i>Location:</i> Various sites</p> <p><i>Operating Budget Impact:</i> Positive (Thousands annually): Funding will reduce need to use operating funds for emergency repairs.</p>	Where to find project in Tables 1, 2 or 3, which appear after this section

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
100,000	100,000	100,000	100,000	100,000	500,000	1,500,000	Capital Improvements Fund

Summary of 2008-09 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 #2
Location: Various sites
Operating Budget Impact: Positive (Thousands annually): Funding will reduce need to use operating funds for emergency repairs.

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
100,000	100,000	100,000	100,000	100,000	500,000	500,000	Capital Improvements Fund

Police Parking Lot Expansion

Due to an increase in the number of employees and use of training facilities by other agencies, parking has become limited for citizens visiting the building. Additional parking lot spaces will improve access to the facility and enhance safety and security of parking lot.

Table and Ref #: Table 1, Ref #10
Location: 828 Martin Luther King Jr. Blvd.
Operating Budget Impact: No Impact

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
50,000	-	-	-	-	50,000	50,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

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 and Lindsay Street neighborhoods.

Table and Ref #: Table 2, Ref #51
Location: Public Housing sites
Operating Budget Impact: Positive (Tens of thousands annually):
 Renovations will reduce need to make repairs using operating budget funds.

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
578,700	578,700	578,700	578,700	578,700	5,893,500	8,680,500	Community Development Block Grant Program

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 #15
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 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
50,000	-	-	-	-	50,000	50,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Curb Repairs: ADA Compliance

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

Table and Ref #: Table 1, Ref #17
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
30,000	-	-	-	-	-	440,646	Capital Improvements Fund

Stormwater Project Construction/Design

Funding will provide detailed engineering analysis and design for identified and prioritized capital project(s) in accordance with the Stormwater Management Program Master Plan. A portion of this funding will also construct identified projects.

Table and Ref #: Table 2, Ref #66
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
125,000	400,000	600,000	600,000	600,000	2,325,000	6,625,000	Stormwater Management Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Bolin Creek Watershed

Funding will support stream channel and infrastructure improvements, stream restoration, infrastructure repair/retrofit and new BMP construction.

Table and Ref #: Table 2, Ref #67
Location: Bolin Creek
Operating Budget Impact: No Impact

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
25,000	150,000	200,000	200,000	200,000	775,000	2,575,000	Stormwater Management Fund

COMMUNICATIONS AND TECHNOLOGY

Fiber Optic Network

This project will provide for the installation of fiber optic cable in conjunction with the NCDOT Traffic Signal System Upgrade Project.

Table and Ref #: Table 1, Ref #24
Location: Various sites
Operating Budget Impact: Positive (Thousands annually): Once complete, the project should reduce data communication service costs by \$75,000 per year.

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
300,000	300,000	-	-	-	600,000	600,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

PARKS AND OTHER PUBLIC USE FACILITIES

Cemetery Beautification

These funds will help implement cemetery improvements including restoration projects detailed in the Old Chapel Hill Cemetery Master Plan and specifically approved by the Council on December 6, 2004.

Table and Ref #: Table 1, Ref #29
Location: Town cemeteries
Operating Budget Impact: No Impact

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
20,000	-	-	-	-	20,000	421,053	Capital Improvements Fund

Small Park Improvements

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

Table and Ref #: Table 1, Ref #30
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 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
60,000	-	-	-	-	60,000	60,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Greenways

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

Table and Ref #: Table 1, Ref #32
Location: Various Sites
Operating Budget Impact: Positive (Hundreds to thousands annually):
 Projects will reduce need to use operating budget funds for greenway repairs.

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
50,000	-	-	-	-	50,000	50,000	Capital Improvements Fund

Carolina Sport Art Gymnastics Building and Grounds

This project will result in the capital repair and renovation of the Town-owned Sport Art building and grounds. Repairs could include roof repair, drainage improvements, ventilation, septic repairs and other repairs.

Table and Ref #: Table 1, Ref #39
Location: Homestead Road
Operating Budget Impact: Positive (Hundreds per year): Projects will reduce need to use operating budget for repairs.

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
14,000	-	-	-	-	14,000	14,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Playgrounds

Playground equipment in various locations throughout the Town is in need of replacement in order to comply with current safety and ADA guidelines. Playground equipment will be replaced at one playground per year in the following priority order: Burlington Park (\$75,000), Umstead Park (\$150,000), Oakwood Park (\$90,000), North Forest Hills Park (\$50,000), and Westwood Park (\$50,000). Umstead Park equipment would be fully accessible for mobility challenged youth.

<i>Table and Ref #:</i>	Table 1, Ref #44
<i>Location:</i>	Various locations
<i>Operating Budget Impact:</i>	Positive (Hundreds per year): Projects will reduce need to use operating budget for repairs.

Adopted 2009-10 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2009-10	2010-11	2011-12	2012-13	2013-14	<i>Through 2013-14</i>	<i>Through 2023-24</i>	
75,000	150,000	90,000	50,000	50,000	415,000	415,000	Capital Improvements Fund

CAPITAL PROGRAM TABLES – INTRODUCTION

The Capital Improvements Program contains tables that outline the adopted budget for capital projects in fiscal year 2009-10 and projected expenditures in future fiscal years, from 2009-10 through 2022-23. These tables are as follows:

- **Table 1. Capital Improvements.** Table 1 lists projects identified for Capital Improvements. Projects listed include recommended projects for 2009-10 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.
- **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	2008-09 Budget Revised	2009-10 Adopted Budget	2010-11
Municipal Operations Facilities				
1	Town Hall HVAC Replacement	584,130	-	-
2	Extraordinary Maintenance	103,431	100,000	100,000
3	Fire Station # 2 Capital Maintenance	98,294	-	-
4	Fire Station # 3 Capital Maintenance	180,613	-	9,000
5	Police HQ Capital Maintenance	80,000	-	10,000
6	Fire Station # 5 Capital Maintenance	-	-	-
7	Town Hall & Council Chamber Capital Improvements	50,000	-	110,000
8	Cultural Arts Center Bldg. Capital Maintenance	-	-	-
9	Fire Station # 1 Capital Maintenance	-	-	-
10	Police Parking Lot expansion	-	50,000	-
11	Fire Station # 4 Capital Maintenance	-	-	-
12	Building Condition Assessment Program	-	-	-
Town Facilities Leased by Others				
13	Old Post Office Capital Maintenance	24,498	-	-
14	Old Post Office Capital Repairs Debt Payments	-	-	-
Infrastructure				
15	Parking Lots/Paths/Trails	-	50,000	-
16	Sidewalks	26,527	-	-
17	Curb Cut Improvements (ADA)	37,835	30,000	-
18	Jay Street Paving	5,914	-	-
19	Bikeways	57,138	-	-
20	Cameron Avenue Railroad Crossing	18,000	-	-
21	Bolinwood Drive Bridge Replacement	-	-	-
22	Street Infrastructure Improvements	-	-	-
Communications				
23	Traffic Signal System Upgrade (Town share - Design)	76,452	-	-
24	Fiber Optic Network	87,346	300,000	300,000
25	Fire House Mobile & GIS System for Response Units	100,000	-	-
26	Public Works Vehicle Location & Mobile Data System	50,000	-	-
27	Library Telephone System Replacement	-	-	29,000
28	Aquatics Center Fiber Optics/Security System	27,000	-	-
Parks and Other Public Use Facilities				
29	Cemetery Beautification	164,900	20,000	-
30	Small Parks Improvements	133,223	60,000	-
31	Tennis Court Light Replacement	-	-	160,000
32	Greenways	92,576	50,000	-
33	Southern Community Park	3,230	-	-
34	Library Capital Maintenance	49,500	-	-
35	Library Collection Development Project	-	-	125,000
36	Library Materials Control System	-	-	100,000
37	Parks Maintenance Assessment	18,000	-	-
38	A.D. Clark Pool & Bathhouse Capital Maintenance	17,300	-	-
39	Sport Art Gymnastics Building and Grounds	30,686	14,000	-
40	Morgan Creek Signage Project	4,603	-	-
41	Homestead Park Improvements	3,856	-	-
42	Community Center Capital Maintenance	61,866	-	-
43	Hargraves Capital Maintenance	-	-	-
44	Playgrounds	-	75,000	150,000
45	Skate Park and Batting Cage Renovations	-	-	30,000
46	Mobile Arts & Entertainment Stage (Town share)	-	-	150,000
47	Athletic Field Light Replacement	551,616	-	-
	Total	2,738,534	749,000	1,273,000

2011-12	2012-13	2013-14	2014-24	Reference #
-	-	-	-	1
100,000	100,000	100,000	-	2
-	-	-	237,944	3
-	12,000	-	111,387	4
-	50,000	98,000	-	5
-	-	-	117,000	6
18,000	55,000	-	-	7
-	-	-	51,000	8
-	-	-	375,000	9
-	-	-	-	10
-	-	-	382,000	11
-	-	-	290,000	12
-	-	-	522,494	13
-	-	-	518,000	14
-	-	-	-	15
-	-	-	24,039	16
-	-	-	410,646	17
-	-	-	28,086	18
-	-	-	-	19
-	-	-	-	20
-	-	-	300,000	21
-	-	-	-	22
-	-	-	296,575	23
-	-	-	-	24
-	-	-	-	25
-	-	-	-	26
-	-	-	-	27
-	-	-	-	28
-	-	-	401,053	29
-	-	-	-	30
-	-	-	-	31
-	-	-	-	32
-	-	-	-	33
-	-	-	-	34
82,000	-	-	-	35
18,000	-	-	-	36
-	-	-	-	37
-	-	-	173,300	38
-	-	-	-	39
-	-	-	-	40
-	-	-	-	41
-	-	-	-	42
-	-	-	139,000	43
90,000	50,000	50,000	-	44
200,000	-	-	-	45
-	-	-	-	46
-	-	-	-	47
508,000	267,000	248,000	4,377,524	

TABLE 2: Other Sources

Reference #	Project	2008-09 Budget	2009-10	2010-11
Municipal Operations Facilities				
48	Wallace Parking Facility Capital Maintenance	-	-	-
49	Town Hall HVAC Replacement	-	-	-
50	Extraordinary Maintenance	-	-	-
51	Comprehensive Public Housing Renovations	578,700	578,700	578,700
52	Town Hall & Council Chamber Capital Improvements	-	-	-
53	Parks & Recreation Administrative Offices & Arts Building	-	-	-
54	Police Headquarters Capital Maintenance	-	-	-
55	Police Firing Range	-	-	-
56	Regional Fire and Emergency Services Training Center	-	-	-
Town Facilities Leased by Others				
57	IFC Shelter Renovation Debt Payments	-	-	-
58	IFC Shelter - Capital Maintenance	-	-	-
59	IFC Shelter Interior Repairs	-	-	-
Infrastructure				
60	Downtown Development Initiative	1,116,000	-	-
61	Parking Lots/Paths/Trails	-	-	-
62	Street Infrastructure Improvements	-	-	-
63	Bridges	343,952	-	-
64	Highway 54 Traffic Calming	170,000	-	-
65	Burning Tree Drive Drainage	522,522	-	-
66	Stormwater Project Construction/Design	-	125,000	400,000
67	Bolin Creek Watershed	-	25,000	150,000
68	MLK Pedestrian Safety	350,000	-	-
69	Sidewalks	185,000	-	-
70	ADA Ramps	50,000	-	-
71	Traffic Calming	50,000	-	-
72	Pedestrian Lighting	61,563	-	-
73	Bike Loops	175,000	-	-
Communications and Technology				
74	Library Technology	562,583	-	-
75	Traffic Signal System Upgrade	450,000	-	-
Parks and Other Public Use Facilities				
76	Aquatics Center	5,752,000	-	-
77	Pritchard Park	184,000	-	-
78	Fordham Landscape Buffer	50,000	-	-
79	Morgan Creek Trail	220,518	-	-
80	Dry Creek Trail	322,934	-	-
81	Bolin Creek Trail	165,000	-	-
82	Bolin Creek Restoration	533,620	-	-
83	Southern Community Park	5,377,656	-	-
TOTAL		17,221,048	728,700	1,128,700

2011-12	2012-13	2013-14	2014-24	Fund Source	Reference #
-	-	-	-		48
-	-	-	1,406,944	Future Bond Issuance	49
-	-	-	1,000,000	Future Bond Issuance	50
578,700	578,700	578,700	-	Capital Fund Program/CDBG	51
-	-	-	975,000	Future Bond Issuance	52
-	4,000,000	-	-	Future Bond Issuance	53
-	-	-	715,000	Future Bond Issuance	54
-	-	-	2,750,000	Future Bond Issuance	55
336,510	336,510	336,510	-	Future Bond Issuance	56
-	-	-	2,254,000	Future Bond Issuance	57
-	-	-	174,000	Future Bond Issuance	58
-	-	-	679,000	Future Bond Issuance	59
-	-	-	-	Multi-year Capital Bond Project Ord.	60
-	-	-	852,018	Future Bond Issuance	61
-	-	-	1,400,000	Future Bond Issuance	62
-	-	-	-	Multi-year Capital Bond Project Ord.	63
-	-	-	-	Multi-year Capital Bond Project Ord.	64
-	-	-	-	Stormwater Management Funds	65
600,000	600,000	600,000	4,300,000	Stormwater Management Funds	66
200,000	200,000	200,000	1,800,000	Stormwater Management Funds	67
-	-	-	-	ARRA Grant	68
-	-	-	-	ARRA Grant	69
-	-	-	-	ARRA Grant	70
-	-	-	-	ARRA Grant	71
-	-	-	-	ARRA Grant	72
-	-	-	-	ARRA Grant	73
-	-	-	-	Multi-year Capital Bond Project Ord.	74
-	-	-	-	Multi-year Capital Bond Project Ord.	75
-	-	-	-	Multi-year Capital Bond Project Ord.	76
-	-	-	-	Multi-year Capital Bond Project Ord.	77
-	-	-	-	Multi-year Capital Bond Project Ord.	78
-	-	-	-	Multi-year Capital Bond Project Ord.	79
-	-	-	-	Parks & Recreation Bond Fund	80
-	-	-	-	Multi-year Capital Bond Project Ord.	81
-	-	-	-	Multi-year Capital Bond Project Ord.	82
-	-	-	-	Multi-year Capital Bond Project Ord.	83
1,715,210	5,715,210	1,715,210	18,305,962		

Table 5: 2003 Bonds: Approved Bond Schedule

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

COLUMN DESCRIPTION KEY

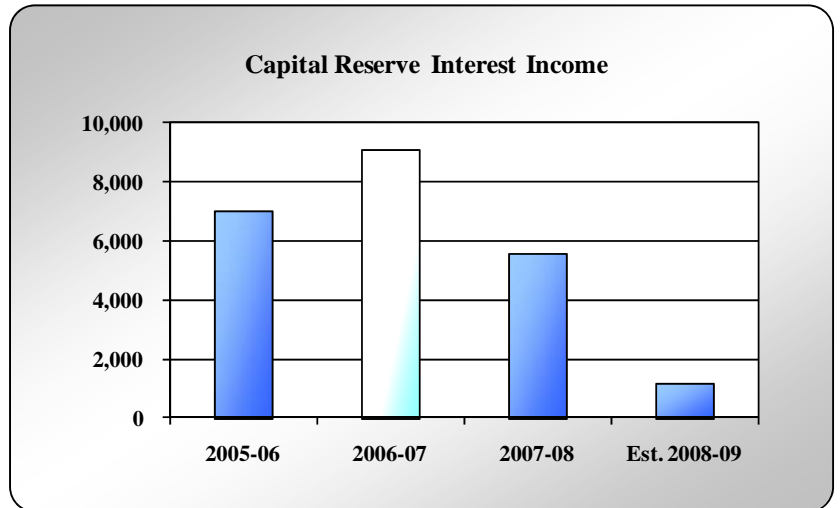
Council Priority

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

2006 Bond Sale (\$4,950,000)			2010 Bond Sale (\$20,410,000)	
2006-07	2007-08	2008-09	2009-10	TOTAL
				392,600
				17,400
				90,000
				-
				-
1,000,000			500,000	2,000,000
			350,000	650,000
50,000			200,000	350,000
600,000			1,400,000	2,600,000
				-
			2,208,000	2,308,000
16,000			148,000	289,000
400,000			7,480,000	8,380,000
1,100,000			6,780,000	7,880,000
968,000			1,192,000	2,235,000
800,000				2,000,000
16,000			152,000	168,000
4,950,000			20,410,000	29,360,000

CAPITAL RESERVE FUND

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



***CAPITAL RESERVE FUND
BUDGET SUMMARY***

No appropriations are planned for the Capital Reserve Fund for 2009-10.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Reserved for CIP	\$ -	\$ -	\$ -	\$ 1,200	\$ -	N/A
Transfer to Capital Improvements Fund	-	-	-	-	-	N/A
Transfer to General Fund	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ 1,200	\$ -	N/A

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Interest on Investments Appropriated	\$ 5,602	\$ -	\$ -	\$ 1,200	\$ -	N/A
Fund Balance	-	-	-	-	-	N/A
Total	\$ 5,602	\$ -	\$ -	\$ 1,200	\$ -	N/A

MAJOR CAPITAL BOND PROJECTS

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

As authorized by General Statute 159.13.2, capital project ordinances were established for each of the projects for the life of the projects. Estimated expenditures for these projects through June 30, 2008 are shown.

Major Capital Bond Projects	Budget	Estimated Expenditures as of June 30, 2009
1996 Bond Projects		
Parks and Recreation Facilities	5,000,000	4,837,000
Open Space/Greenways	3,000,000	3,000,000
Public Safety Improvements	2,000,000	2,000,000
Streets and Sidewalks	3,000,000	2,929,000
Public Works Facilities	500,000	415,000
Subtotal	13,500,000	13,181,000
2003 Bond Projects		
Public Buildings	500,000	125,000
Streets and Sidewalks	5,600,000	1,654,000
Library Expansion	16,260,000	1,052,000
Open Space	2,000,000	2,000,000
Parks and Recreation	5,000,000	409,577
Subtotal	29,360,000	5,240,577
TOTAL	42,860,000	18,421,577

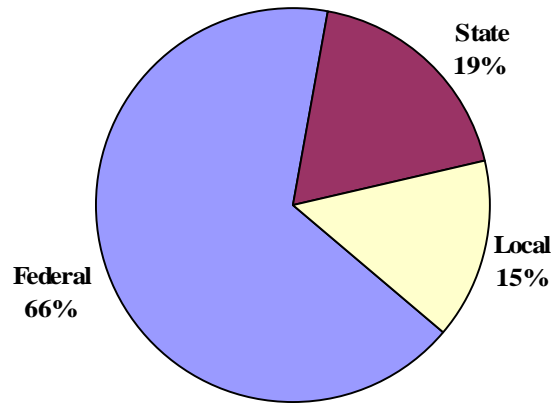
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GRANTS FUND

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

Grant Sources - Historical Trend



GRANTS FUND

BUDGET SUMMARY

The Grants Fund was established in 2004-05 to account for grants previously included in the General Fund. The grant already included for 2009-10 provides continued funding for firefighter positions and carries increasing matching requirements for each of five years.

EXPENDITURES

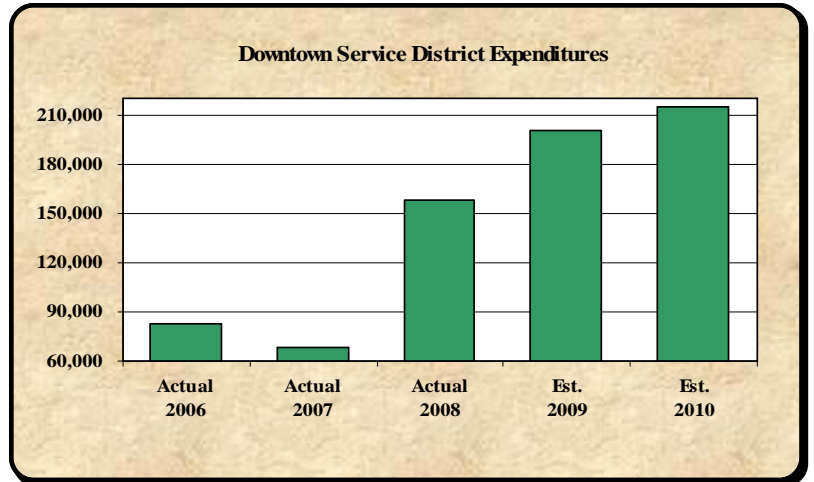
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Police Grants	\$ 170,774	\$ -	\$ 387,256	\$ 363,526	\$ -	N/A
Fire Grants	553,557	543,645	830,496	543,645	551,883	1.5%
Planning Grants	398,823	-	294,063	294,063	-	N/A
Other Grants	-	-	82,554	82,554	-	N/A
Total	\$ 1,123,154	\$ 543,645	\$ 1,594,369	\$ 1,283,788	\$ 551,883	1.5%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Grants	\$ 1,117,249	\$ 322,920	\$ 1,049,263	\$ 811,857	\$ 198,720	-38.5%
Charges for Service	24,295	-	29,505	21,700	-	N/A
Transfer from General Fund	(18,390)	220,725	515,601	450,231	353,163	60.0%
Total	\$ 1,123,154	\$ 543,645	\$ 1,594,369	\$ 1,283,788	\$ 551,883	1.5%

DOWNTOWN SERVICE DISTRICT FUND

The Downtown Service District Fund accounts for the programs and capital improvements for the downtown service district established by the Town Council.



DOWNTOWN SERVICE DISTRICT FUND

Major Revenue Sources – Descriptions and Estimates

The revenue source for the Downtown Service District is the special district property tax. Based on our estimates, the revaluation of property by Orange County will yield an assessed value of \$230,000,000 for FY10, an increase of 27% over current values of \$181,431,000. A revenue neutral tax rate of 7.1 cents per \$100 in valuation, compared to the current tax rate of 9.0 cents, will result in continued property tax levy of around \$163,000.

Adjustments to the Downtown Service District border were last made for the 2006-07 fiscal year to take into account changes in business status between commercial and residential uses.

Major Expenditures and Estimates

The budget provides for continued funding for the Chapel Hill Downtown Partnership of about \$120,000. The Chapel Hill Downtown Partnership brings the resources of the Town, University and downtown community together to maintain, enhance and promote downtown as the social, cultural and spiritual center of Chapel Hill through economic development. The budget for FY10 continues funding for a groundskeeper (\$44,861) dedicated to the downtown area. The adopted budget also includes \$50,000 for creation of a Downtown Master Plan.

<i>DOWNTOWN SERVICE DISTRICT FUND</i>			
<i>STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS</i>			
	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 ADOPTED
Groundskeeper*	1.00	1.00	1.00
Downtown Service District Fund Totals	1.00	1.00	1.00

*Position supervised by Parks and Recreation

DOWNTOWN SERVICE DISTRICT FUND

BUDGET SUMMARY

The Downtown Service District Fund revenue neutral tax rate of 7.1 cents for 2009-10 provides for continued funding of the groundskeeper position dedicated to the downtown area, including a 17.1% increase in medical insurance. Professional services for the 2009-10 adopted budget include \$50,000 for a Downtown Master Plan consultant. The balance of revenues is allocated to the Chapel Hill Downtown Partnership.

EXPENDITURES

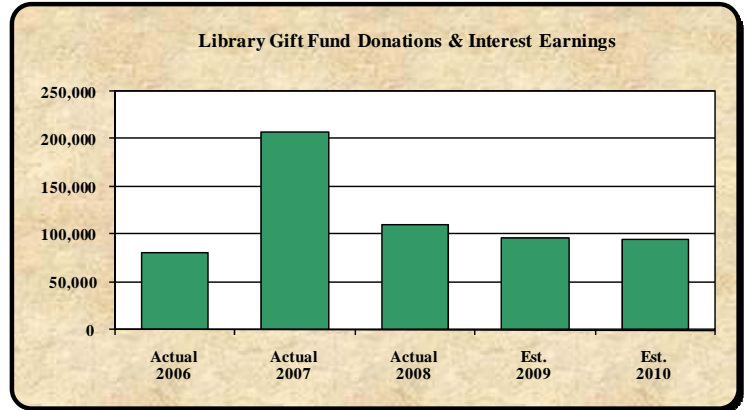
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 40,109	\$ 40,921	\$ 40,921	\$ 40,921	\$ 44,861	9.6%
Professional Services	27,025	-	-	-	50,000	N/A
Contracted Services	91,000	119,079	159,079	159,079	120,000	0.8%
Reserve	-	-	-	-	-	N/A
Total	\$ 158,134	\$ 160,000	\$ 200,000	\$ 200,000	\$ 214,861	34.3%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Property Taxes	\$ 162,129	\$ 160,000	\$ 160,000	\$ 160,000	\$ 163,300	2.1%
Interest Income	3,316	-	-	800	-	0.0%
Gifts and Donations	-	-	20,000	20,000	-	
Appropriated Fund Balance	(7,311)	-	20,000	19,200	51,561	N/A
Total	\$ 158,134	\$ 160,000	\$ 200,000	\$ 200,000	\$ 214,861	34.3%

LIBRARY GIFT FUND

The Library Gift Fund accounts for private contributions to the Town's library.



LIBRARY GIFT FUND

BUDGET SUMMARY

The adopted budget for the Library Gift Fund for 2009-10 reflects 25.4% decrease in expected donations. The Library Gift Fund continues to budget a transfer to the General Fund to support Library operations, at an increased amount of \$75,000 for FY10.

EXPENDITURES

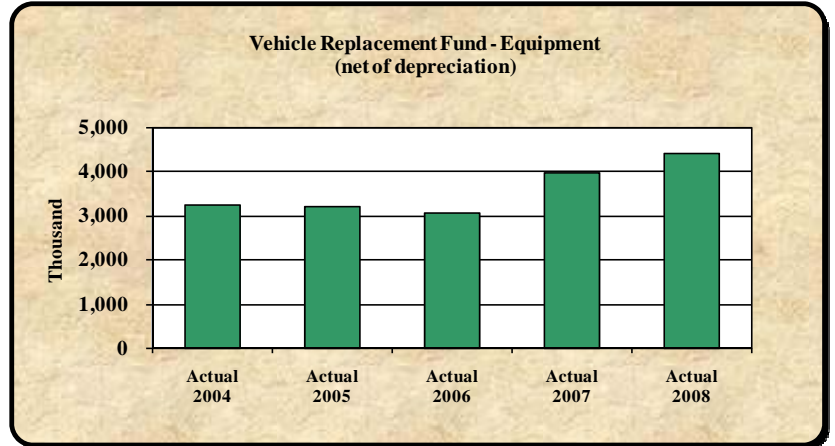
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel - Anniversary	\$ -	\$ -	\$ 14,000	\$ -	\$ -	N/A
Other Anniv. Expense	51,308	-	6,407	-	-	N/A
Contribution to Reserve	-	81,000	81,000	26,275	19,000	-76.5%
Transfer to General Fund	45,000	45,000	45,000	70,000	75,000	66.7%
Transfer to Multi-Year Capital Project Fund	-	-	-	-	-	N/A
Total	\$ 96,308	\$ 126,000	\$ 146,407	\$ 96,275	\$ 94,000	-25.4%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Interest Income	\$ 10,133	\$ -	\$ -	\$ 2,275	\$ -	N/A
Gifts and Donations	99,380	126,000	126,000	94,000	94,000	-25.4%
Appropriated Fund Balance	(13,205)	-	20,407	-	-	N/A
Total	\$ 96,308	\$ 126,000	\$ 146,407	\$ 96,275	\$ 94,000	-25.4%

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 financing and equipment purchases planned for 2008-09 were delayed in response to the economic downturn and volatility in the credit market. The adopted budget for 2009-10 for the Vehicle Replacement Fund resumes the plan for those capital equipment purchases which include an air sweeper, two dump trucks and a backhoe loader.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Lease Purchase Payments	\$ -	\$ 1,350,210	\$ 1,350,210	\$ 1,350,213	\$ 1,350,730	0.0%
Depreciation Expense	1,004,590	-	-	-	-	N/A
Interest Expense	155,369	-	-	-	-	N/A
Other Expense	31,767	25,000	25,000	10,000	25,000	0.0%
Capital Equipment	-	1,624,200	3,102,576	1,478,376	1,624,200	0.0%
Contribution to Reserve	349,877	398,990	398,990	-	374,270	-6.2%
Total	\$ 1,541,603	\$ 3,398,400	\$ 4,876,776	\$ 2,838,589	\$ 3,374,200	-0.7%

REVENUES

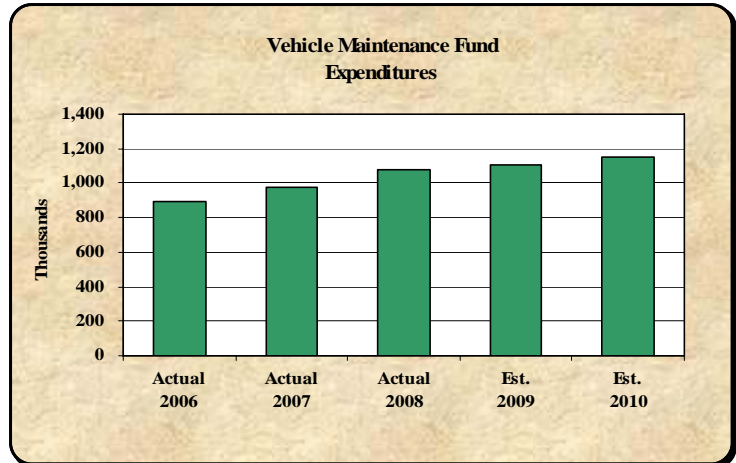
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Vehicle Use Fees	\$ 1,316,101	\$ 1,624,200	\$ 1,624,200	\$ 1,624,000	\$ 1,650,000	1.6%
Interest Income	89,296	-	-	12,500	-	N/A
Sale of Fixed Assets	136,206	150,000	150,000	140,000	100,000	-33.3%
Insurance Claims	-	-	-	-	-	N/A
Financing Proceeds	-	1,624,200	1,624,200	-	1,624,200	0.0%
Transfer from Vehicle Maintenance	-	-	-	-	-	N/A
Appropriated Fund Balance	-	-	1,478,376	1,062,089	-	N/A
Total	\$ 1,541,603	\$ 3,398,400	\$ 4,876,776	\$ 2,838,589	\$ 3,374,200	-0.7%

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 transportation operations.

Vehicle maintenance is an internal service fund; its cost is charged out to other Town departments based on actual repairs.

The division is supervised by Public Works.



VEHICLE MAINTENANCE

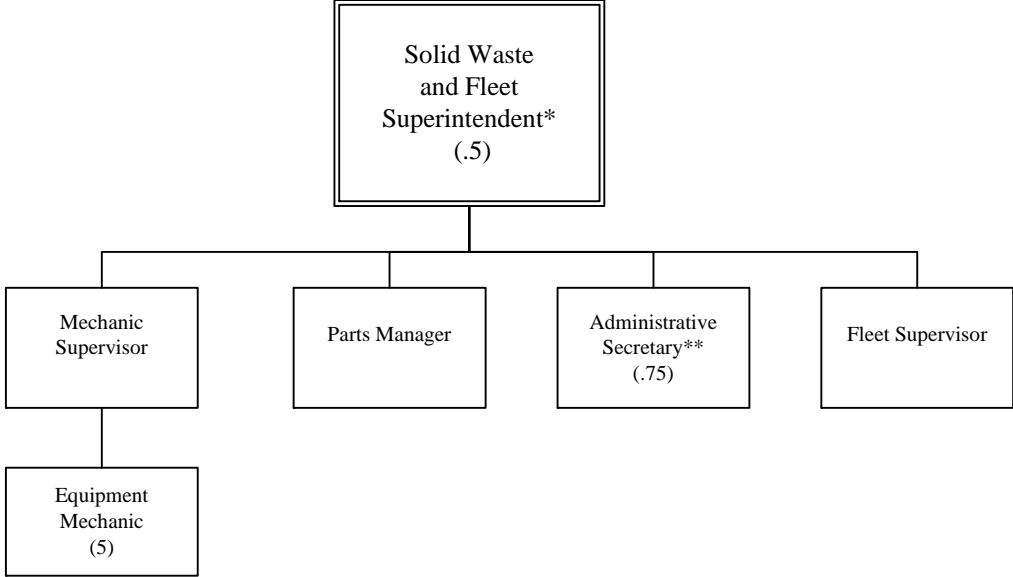
MISSION STATEMENT:

The overall mission of the Fleet Maintenance Fund is to ensure safe, reliable fleet and equipment essential for provision of public services, with an emphasis on sustainability, efficiency and effectiveness.

Summary of services provided in support of department's mission:

- Full-service automotive garage, including refueling station.
- Use of state-of-art fuel efficiency techniques.
- Comprehensive preventive maintenance program for vehicles and equipment.
- Major repair program, including both in-house and outside vendors.
- Around-the-clock emergency road services.
- Overall management of the Town's vehicle replacement program with emphasis on greening our fleet.

VEHICLE MAINTENANCE



*Position is split with Solid Waste division of Public Works.

*Position is split with Building Maintenance.

VEHICLE MAINTENANCE FUND
STAFFING COMPARISONS - IN FULL-TIME

	2007-08	2008-09	2009-10
	ADOPTED	ADOPTED	ADOPTED
Superintendent-Solid Waste*	0.50	0.50	0.50
Supervisor-Mechanic	1.00	1.00	1.00
Parts Manager	1.00	1.00	1.00
Mechanic (I-III)	5.00	5.00	5.00
Manager-Fleet	1.00	1.00	1.00
Administrative Secretary*	0.50	0.50	0.75
Unit Totals	9.00	9.00	9.25

*Superintendent and Administrative Secretary positions are split between Solid Waste and the Vehicle Maintenance Fund. The change in FTE overall is due to a change in the way positions are split in FY10.

Note: Vehicle Maintenance is supervised by the Public Works Department.

VEHICLE MAINTENANCE FUND BUDGET SUMMARY

The 2.3% increase in personnel costs in the adopted budget for 2009-10 reflects a 17.1% increase in medical insurance and retiree health costs. Operating costs are tied closely to gasoline and petroleum-based product costs, which are expected to decrease from the previous year. There are no planned capital expenditures in 2009-10.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Personnel	\$ 596,095	\$ 639,694	\$ 637,694	\$ 623,790	\$ 654,606	2.3%
Operating Costs	430,853	515,525	552,413	482,031	494,194	-4.1%
Capital Outlay	-	-	1,000	1,000	-	N/A
Total	\$ 1,026,948	\$ 1,155,219	\$ 1,191,107	\$ 1,106,821	\$ 1,148,800	-0.6%

REVENUES

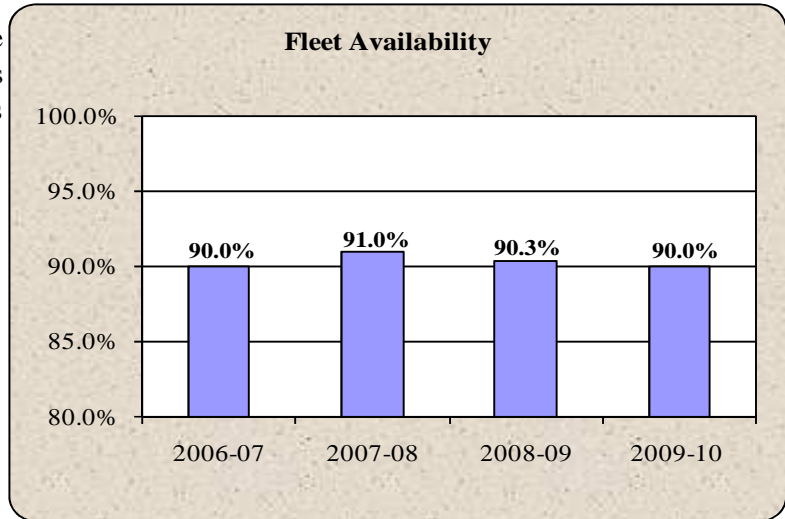
	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Vehicle Maintenance Fees	\$ 974,108	\$ 1,100,655	\$ 1,100,655	\$ 1,065,800	\$ 1,148,800	4.4%
Interest Income	583	6,000	6,000	-	-	-100.0%
Transfer from General Fund	21,000	-	25,314	-	-	N/A
Insurance Claims	-	-	7,157	-	-	N/A
Appropriated Fund Balance	31,257	48,564	51,981	41,021	-	-100.0%
Total	\$ 1,026,948	\$ 1,155,219	\$ 1,191,107	\$ 1,106,821	\$ 1,148,800	-0.6%

VEHICLE MAINTENANCE TRENDS

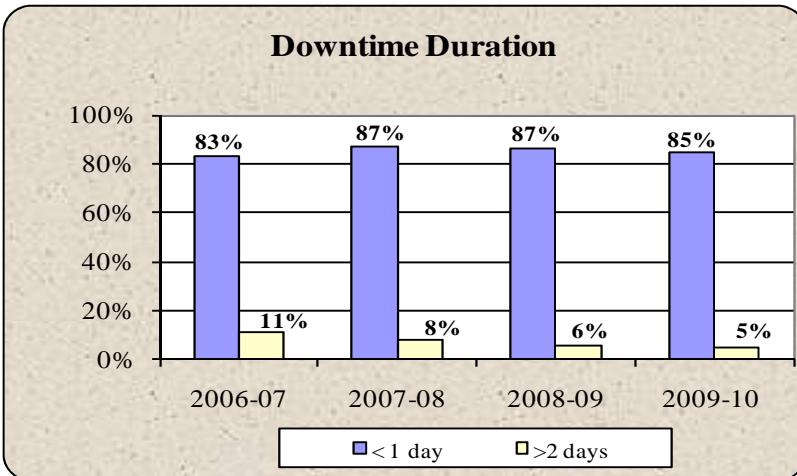
COUNCIL SERVICE GOALS: Maintain basic Town services.

GOAL: To assure 90% availability of fleet units, with no more than 2 departments under 80%.

Fleet availability was 90.3% with one department below 80% in 2008-09 as compared with 91% and two departments below 80% in the 2007-08.



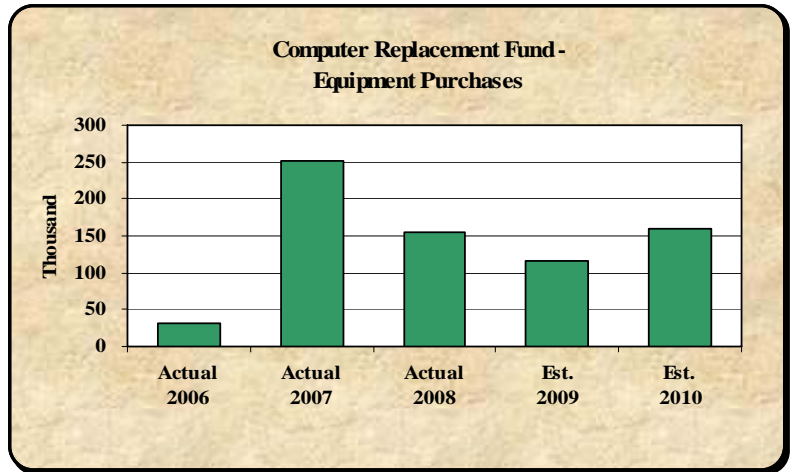
GOAL: To complete 85% of repair orders within 1 day, with no more than 10% requiring in excess of 2 days.



In 2008-09, 86.5% of work orders were completed in less than one day, with 6% in excess of two days, as compared to 87% and 8% respectively in 2007-08.

COMPUTER REPLACEMENT FUND

The Computer Replacement Fund accounts for the purchase and financing of computer equipment and software to the Town departments.



COMPUTER REPLACEMENT FUND

BUDGET SUMMARY

The adopted budget for 2009-10 provides for replacement of computer equipment on a pay-as-you-go basis. In particular, \$10,000 is included in the budget to begin a replacement schedule for the Library's public access computers.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Lease Purchase Payments	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Small Equipment	151,916	150,000	162,480	115,000	160,000	6.7%
Other Expense	200	-	-	100	500	N/A
Depreciation Expense	2,179	-	-	-	-	N/A
Interest Expense	1,495	-	-	-	-	N/A
Reserve	-	-	15,000	38,240	-	N/A
Total	\$ 155,790	\$ 150,000	\$ 177,480	\$ 153,340	\$ 160,500	7.0%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Adopted Budget	% Change from 2008-09
Computer Use Fees	\$ 150,084	\$ 150,000	\$ 150,000	\$ 150,000	\$ 160,000	6.7%
Interest Income	7,824	-	-	1,800	500	N/A
Sale of Equipment	2,668	-	-	1,540	-	N/A
Appropriated Fund Balance	(4,786)	-	27,480	-	-	N/A
Total	\$ 155,790	\$ 150,000	\$ 177,480	\$ 153,340	\$ 160,500	7.0%

BUDGET ORDINANCE

Appendix 1

AN ORDINANCE CONCERNING THE ESTABLISHMENT OF THE TOWN BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2009 (2009-06-08/O-10)

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	529,378
Town Manager/CaPA	1,666,042
Human Resources Development	877,714
Business Management	2,594,376
Attorney	294,130
Planning	1,310,492
Public Works	12,046,988
Police	12,138,197
Fire	7,296,270
Parks and Recreation	5,823,996
Library	2,373,932
Non-Departmental	2,864,485
GENERAL FUND TOTAL	49,816,000

OTHER FUNDS

Transit Fund	16,637,238
Transit Capital Reserve Fund	201,643
Debt Service Fund	6,443,000
Vehicle Replacement Fund	3,374,200
Vehicle Maintenance Fund	1,148,800
Computer Replacement Fund	160,500
Public Housing Fund	1,934,185
Housing Loan Trust Fund	66,260
On-Street Parking Fund	650,000
Off-Street Parking Facilities Fund	1,475,780
Library Gift Fund	94,000
Capital Improvements Fund	749,000
Downtown Service District Fund	214,861
Stormwater Management Fund	2,053,736
Grants Fund	551,883
TOTAL ALL FUNDS	85,571,086

ARTICLE II

It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2009 and ending June 30, 2010 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	24,971,000
Other Taxes & Licenses	989,500
State-Shared Revenues	14,856,730
Grants	371,600
Charges for Services	1,735,797
Licenses/Permits/Fines	1,812,100
Interest on Investments	100,000
Other Revenues	412,450
Transfers/Other Sources	1,432,450
Fund Balance Appropriated	3,134,373
General Fund Total	49,816,000

OTHER FUNDS

Transit Fund	16,637,238
Transit Capital Reserve Fund	201,643
Debt Service Fund	6,443,000
Vehicle Replacement Fund	3,374,200
Vehicle Maintenance Fund	1,148,800
Computer Replacement Fund	160,500
Public Housing Fund	1,934,185
Housing Loan Trust Fund	66,260
On-Street Parking Fund	650,000
Off-Street Parking Facilities Fund	1,475,780
Library Gift Fund	94,000
Capital Improvements Fund	749,000
Downtown Service District Fund	214,861
Stormwater Management Fund	2,053,736
Grants Fund	551,883
TOTAL ALL FUNDS	85,571,086

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, 2009 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)	\$0.360/\$100
Debt Service Fund (for the payment of expenses of the Town of Chapel Hill)	\$0.093/\$100
Transit Fund (for the payment of expenses related to transportation approved by referendum)	\$0.041/\$100
TOTAL	\$0.494/\$100

ARTICLE IV

There is hereby levied the following tax on each one hundred dollars (\$100) valuation of taxable property located in the Downtown Revitalization Municipal Service District established by the Town Council's resolution of June 12, 1989:

Downtown Service District Fund	\$0.071/\$100
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This the 8th day of June, 2009.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Town of Chapel Hill
North Carolina**

For the Fiscal Year Beginning

July 1, 2008

President

Executive Director

Performance Agreements with Other Agencies

Performance Agreements with Other Agencies	2009-10 Budget
Human Services	
Human Services Advisory Board Recommendations	\$ 357,900
Total Human Services	357,900
Environment	
Piedmont Wildlife	1,000
Total Arts	1,000
Arts	
Cultural Arts Dinner	500
ArtsCenter	10,000
Total Arts	10,500
Affordable Housing	
Orange Community Housing and Land Trust	200,000
Empowerment	13,500
Homelessness Initiative	24,600
Total Affordable Housing	238,100
Economic Development	
Chapel Hill/Orange County Visitors Bureau	130,000
North Carolina High School Athletic Association	29,000
Chapel Hill Downtown Partnership	70,000
Total Economic Development	229,000
Total Contributions to Agencies	\$ 836,500

GLOSSARY

Accrual – Revenues are recorded when earned and expenses are recorded as soon as they result in liabilities for benefits received.

Ad Valorem tax - A tax levied in proportion to the value of a property.

ADA - American Disabilities Act

Allocate - To set apart portions of budgeted expenditures which are specifically designated to organizations for special activities and purposes.

AMP - Asset Management Project. A division of the Town's public housing communities.

ARRA - American Recovery and Reinvestment Act.

Annual Budget - A budget covering a single fiscal year.

Appropriation - The amount budgeted on a yearly basis to cover projected expenditures which the Town Council legally authorizes through the Budget Ordinance.

Approved Budget - The budget as formally adopted by the Town Council for the upcoming fiscal year.

Assessed Valuation - The estimated dollar value placed upon real and personal property by the County Assessor as the basis for levying property taxes. The General Assembly exempted household personal property from taxation effective July 1, 1987.

Authorized Bonds - Bonds which have been legally authorized but may or may not have been sold.

Balanced Budget - Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is required that the budget submitted to the Town Council be balanced.

Bond - A written promise to pay a specific amount of money with interest within a specific time period, usually long-term.

Bond Rating - A grade indicating a governmental unit's investment qualities. Generally speaking, the higher the bond rating, the more favorable the interest rate and the lower the cost of financing capital projects funded by bonds. A high rating is indicative of the government's strong financial position. Ratings range from AAA (highest) to D (lowest).

Bonds Issued - Bonds that are sold.

Budget - A financial plan for a specified period of time that matches planned revenues and expenditures with various Town services.

GLOSSARY

Budget Message - A written overview of the proposed budget from the Town Manager to the Town Council. This overview discusses the major budget items of the Manager's recommended budget.

Capital Improvements Plan - A long term plan of proposed capital improvements projects, which includes estimated project cost and funding sources, that the Town expects to undertake within a five year period. The plan is updated annually to reassess capital needs.

Capital Outlay - An expenditure which results in the acquisition of or addition to a fixed asset.

Capital Project - A project expected to have a useful life greater than 10 years and an estimated cost of \$10,000 or more. Capital projects include the construction, purchase or major renovation of buildings, utility systems, parks, or other physical structures or property; purchase of land; and purchase of large equipment.

Capital Project Fund - A fund used to account for the acquisition or construction of major capital facilities and equipment.

Category - Expenditure budgets are presented in one of three categories: Personnel Services, Operations and Capital Outlay.

CDBG – Community Development Block Grant

Community Development Fund - A fund used to account for block grant monies received from the federal government under Title I of the Housing and Community Development Act.

Compensated Absences – Paid time off made available to employees in connection with vacation leave, sick leave, and similar benefits.

Contingency - Appropriation intended for unanticipated expenditures. Transfer of these funds into an expendable account is controlled by the Town Council.

Debt Service - Principal, interest and administrative costs associated with the repayment of long-term debt.

Delinquent Taxes - Taxes that remain unpaid after the due date on which a penalty for nonpayment is incurred.

Department - A major administrative division of the Town that has overall management responsibility for an operation within a functional area.

Depreciation – An allowance made for the loss in the value of property over time.

District Tax - Taxes paid by those owning property in a special district of the Town.

GLOSSARY

Employee Benefits - For budgeting purposes, employee benefits include employer payments for social security, retirement, group health and life insurance, and workers' compensation and any similar form of employee compensation.

Encumbrances - A financial commitment for services, contracts, or goods which have not been delivered or performed.

Enterprise Fund - A grouping of activities whose expenditures are wholly or partially offset by revenues collected from consumers in the form of fees and charges.

Equivalent Rate Unit (ERU) – A unit of area of impervious surface.

Expenditures - The total cost of a program or capital project.

EZ Rider - A special service which uses lift equipped vehicles to transport individuals with mobility limitations that prevent them from using Chapel Hill Transit's regular bus service.

Fiscal Year - A 12 month period (July 1 through June 30) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

Fixed Asset - An asset of long-term character. For budgetary purposes, a fixed asset is defined as an item costing \$5,000 or more with an expected life of more than one year.

FTA – Federal Transit Administration

Full-time Equivalent - One F.T.E. refers to the equivalent of one permanent position.

Fund - An accounting entity created to record the financial activity for a selected financial group.

Fund Balance - Funds accumulated through the under-expenditure of appropriations and/or receiving revenues greater than anticipated and included in the budget.

Function - A broad grouping of activities and departments whose objectives and expenditures are inter-related. Examples of functions within the Town include General Government, Public Safety, Leisure, etc.

General Fund - A fund which provides for the accounting for most of the basic government services, such as police, fire, sanitation, inspections, recreation and other general services.

General Obligation Bonds - Bonds issued by a government which are backed by the full faith and credit of its taxing authority.

GLOSSARY

Goal - A broad statement of desired conditions to be maintained or achieved through the efforts of an organization.

Governmental Funds – Funds generally used to account for tax-supported activities.

Impervious Surface – Hard surfaces such as concrete, compressed gravel, asphalt and rooftops. These surfaces increase the amount of stormwater runoff.

Indirect Cost - The component of the total cost for a service which is provided by one department but budgeted within another department or division. Indirect costs are budgeted to more accurately reflect the true total cost for such services.

Interest and Penalties Receivable on Taxes - Uncollected interest and penalties on property taxes.

Intergovernmental Revenues - Revenues from other governments (State, federal, and local) which can be in the form of grants, shared revenue, or entitlement.

Land Use Management Ordinance - The Chapel Hill Land Use Management Ordinance establishes standards and procedures for new development or redevelopment in the Town. The major purpose of the Land Use Management Ordinance is to implement the Town's adopted *Comprehensive Plan*. It is designed to provide clear rules about what is expected of applicants in order to gain approval to develop land in the Town.

Lease Purchase - A method of purchasing equipment in which payments are spread over a period of time.

Levy - The amount of tax, service charge, and assessments imposed by the government.

Line Item - A budgetary account representing a specific object of expenditure.

Modified Accrual - The basis of accounting for the Town. Under this system, expenditures are recognized when encumbered.

MPO/DA – Metropolitan Planning Organization/Direct Allocation

NCDOT – North Carolina Department of Transportation

Non-operating Expenses - Expenses which are not directly related to the provision of services such as debt service.

Non-operating Revenues - Revenues which are generated from other sources and are not directly related to service activities.

Objective - A specific statement or objective that is to be accomplished or achieved for a particular

GLOSSARY

program during the fiscal year.

Ordinance - A formal legislative enactment by the Town Council which has the full force and effect of law within the boundaries of the Town.

Operating Budget - The Town's financial plan which outlines proposed expenditures for the upcoming fiscal year and estimates revenues which will be used to finance them.

Operating Expenses - Those expenditures of a recurring nature, covering services and supplies necessary to operate individual departmental activities.

Personal Property - Movable property classified within two categories: tangible and intangible. "Tangible" or touchable, property includes items of visible and movable property not permanently affixed to real property. "Intangible" or non-touchable, property includes stocks, bonds, notes, cash, bank deposits, accounts receivable, patents, trademarks, copyrights and similar assets.

Personnel Services - Salaries and wages paid to employees for full-time, part-time and temporary work, including overtime and similar compensation. Also included in this account group are employee benefits paid for employees.

Program - A well-defined portion of the operating plan for which a distinct set of goals and objective may be developed.

Property Tax Rate - The rate at which real property in the Town is taxed in order to produce revenues sufficient to conduct necessary governmental activities.

Property Tax - Tax paid by those owning property in the Town.

Proprietary Fund - A fund used to account for the operations similar to those in the private sector. This includes enterprise funds. The focus is on determination of net income, financial position and changes in financial position.

Public Safety - A group of expenditures related to the provision and enforcement of law enforcement and fire and disaster protection.

Real Property - Land, buildings, and items permanently affixed to land or buildings.

Real Property Value - The value of land and buildings which are taxable.

Reappraisal - The process of revaluing a jurisdiction's real property in order to adjust the tax value to the market value; by North Carolina law, a revaluation must be conducted at a minimum of every eight years. Property was revalued as of January 1, 2001.

Reclassification - A change in the classification and corresponding job title of an existing position

GLOSSARY

which results from a major change in assigned responsibilities.

Reserve - An account designated for a portion of the fund balance which is to be used for a specific purpose.

Revenue - All funds that the Town government receives as income, including items such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

Revenue Neutral Tax Rate – G.S. §159-11(e) states that “the revenue-neutral tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred.”

Rolling Stock – Vehicles and other similar equipment which use wheels to move about.

Rural Buffer - Established by the 1987 Joint Planning Agreement between Carrboro, Chapel Hill and Orange County, the Rural Buffer is defined as a belt of land surrounding the Towns of Chapel Hill and Carrboro, that will remain rural in character, contain low-density residential uses (1 dwelling unit per two acres of land), and not require urban services (public water and sewer).

Sales Tax - Tax paid by retail consumers.

Service Level - The amount of service provided during the fiscal year as indicated by one or more performance indicators.

Shared Ride – An extension of transit service to designated areas of town which do not receive regular bus service.

Special Assessment - A levy on certain properties to defray part or all of the cost associated with improvements or services which will benefit those properties. For instance, a special assessment would be levied against property owners who have petitioned for paving a street.

Special Districts – A tax district approved by the voters to provide specified services. A special district in the Town is the Downtown Service District which provides improvements in the Town center.

Special Revenue Fund - A fund used to account for the revenues from specific sources which are to be used for legally specified expenditures.

Tax Levy - Revenue produced by applying a given tax rate to a property's assessed, or tax value.

TOC – Town Operations Center: Town property on Eubanks Road, site of Public Works and Transit Operations.

GLOSSARY

Town Council - Nine-member Council elected at large by the voters of the Town for four year terms.

Triangle – Chapel Hill is located in central North Carolina, in the area commonly referred to as the Triangle, including Orange, Durham and Wake Counties.

Two-Thirds Bonds - General obligation bonds that can be issued by a local government without voter authorization under a formula set by the State of two-thirds of the previous year's net debt reduction.

Urban Services Area - Defined as the area within which public utilities and services are currently available or will be provided in the future. The Urban Services Area includes not only the urban area of Chapel Hill, but also of Carrboro and several “transition areas” which are in the process of changing from rural to urban character.