

**Town of Chapel Hill
North Carolina**

**2010-2011
ADOPTED
BUDGET**



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Letter of Transmittal

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

Ladies and Gentlemen:

I am pleased to present the Town of Chapel Hill, North Carolina Annual Budget for Fiscal Year 2010-11. The budget was adopted by Council on June 7, 2010 and includes continuance of the existing property tax rate for the General Fund, Transportation Fund, and Debt Service Fund of 49.4 cents per \$100 of assessed value. The property tax rate for the Downtown Service District remains at 7.1 cents per \$100 of assessed value.

The Adopted Budget for 2010-11 recognizes Council's most important goals and makes adjustments to compensate for the impact of the economic crisis. We are pleased to work with Council in making the final decisions on continuing the Town's high level of services and how they would be funded in the 2010-11 budget year. In addition to continuing basic services, the recommended budget:

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

This 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, 2010

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June 7, 2010

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

The adopted annual budget for the Town of Chapel Hill for Fiscal Year 2010-11 is submitted herein, in accordance with the Local Government Budget and Fiscal Control Act. These are challenging economic times. Although we have entered into a period of economic recovery, we have not made up the ground we lost during the financial crisis of the last two years. Revenues continue to be stagnant for the Town as well as for the State and County budgets. State and County solutions for budget woes often fall on the Towns, who only have taxpayers to pass on to directly.

To provide a budget that meets Council's objectives of no tax increase while maintaining core services, we employed the following strategies:

- Manage spending during the current year (2009-10) to provide additional fund balance to offset potential revenue shortfalls in next year's (2010-11) budget;
- Concentrate efforts on maintaining core service levels and a compensation plan that retains experienced employees; and,
- Use fund balance in excess of 15% for one-time costs such as capital expenditures.

The Adopted Budget is balanced using these strategies. The methods used in the past two years to balance the Town's budget, however, are not a sustainable long-term strategy. Over the past two years we have tightly managed expenditures by delaying hiring for open positions, reducing discretionary expenditures and minimizing new initiatives that could improve the efficiency and effectiveness of operations. In the short term, we have survived the global financial crisis without the level of sacrifice seen in other parts of the country. Our continued success is contingent on closing the gap between our current revenues and current expenditures.

As shown in the following table the Town has experienced a shortfall in budgeted revenues in recent years. Only through conservative budgeting practices have we been able to maintain our financial position. As we continue to pare down the budget during these lean times, the amount available from fund balance will eventually be insufficient to balance future budgets.

General Fund Original Budget

	FY2005-06	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
GF Revenue	\$ 44,839,007	\$ 47,368,000	\$ 47,814,000	\$ 46,877,126	\$ 46,681,627	\$ 47,625,770
GF Expenditures	<u>46,354,000</u>	<u>49,247,000</u>	<u>52,129,000</u>	<u>49,621,000</u>	<u>49,816,000</u>	<u>52,690,000</u>
Gap (Fund Balance)	\$ 1,514,993	\$ 1,879,000	\$ 4,315,000	\$ 2,743,874	\$ 3,134,373	\$ 5,064,230

We are appropriating \$5,064,230 from the Town’s fund balance to balance the General Fund budget and accomplish the Council’s goals. A portion of this appropriation, approximately \$3.0 million, comes from the budget savings set-aside during the current fiscal year. The remainder is from existing fund balance. A significant portion of the existing fund balance being used is for one-time costs such as capital expenditures.

Based on our preliminary estimates it looks like we will finish the current fiscal year with an undesignated General Fund balance of approximately 20%. This level of reserves is consistent with 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.

Balancing revenues and expenditures in future years will require careful attention to increasing revenue from existing sources, identifying new revenue sources and considering changes in service levels. Even as the economy improves, our work will get no easier.

Employee Costs

The Town’s services are highly valued by our residents, as evidenced by their comments and the recent community survey. The Town’s ability to consistently deliver high quality services is dependent on our ability to hire and retain a high quality work force. Part of the Town’s on-going strategy to accomplish this has been a competitive compensation package including comprehensive medical benefits for full-time employees. In recent years, the increasing costs of health insurance have made it very difficult to maintain the Town’s benefit package. The current budget included a 17.1% increase in health insurance costs. When we began budget planning for the Recommended Budget for 2010-11, our insurance carrier projected a 22% increase in health insurance premiums. This level of increase is not sustainable. To address this issue, I convened a task force of employees from all areas of the organization to learn together about the challenges of healthcare costs and to think together about changes to the plan that will reduce costs in the long-term while retaining a competitive benefit for employees. This budget contains minor changes in co-pays that reduce the rate of increase in our premiums for 2010-11 to 13.9%, close to the general trend in cost increases. We discussed these changes with Council in our recent budget status update. This is one small step in getting control over the costs of healthcare.

In addition to addressing the health benefits plan directly, we are also working to reduce costs by promoting our health metrics program and healthy lifestyles choices through our expanded wellness programs. We are working with UNC Hospitals to find creative

ways to match our healthcare needs with their delivery capacity and to create efficiencies and cost savings through a cooperative, innovative approach, including an onsite health facility.

In addition to the increasing cost of health insurance, this budget also includes a 32% increase in the employer contribution to the Local Government Employees Retirement System (LGERS). The poor investment performance of recent years presents the need for increased contributions to put the plan back on a course of full funding. LGERS also anticipates increases in employer contributions for FY2011-12 and beyond.

The Town's ability to maintain a high level of service delivery and high customer satisfaction, as shown in the recent community survey, is directly attributable to the quality and dedication of our workforce. Like most local governments the Town did not provide a salary adjustment to employees last year. Although, the general rate of inflation has been very low, Town employees that pay for dependent care through our health care plan received a 17.1% increase in their premium payment for the current year and they will receive a 13.9% increase next year, in addition to higher co-pays. In order to mitigate the effect these increases in health care costs have on employees and to show appreciation for the truly outstanding work done by Town employees, I have included in my recommended budget a one-time, flat rate payment for permanent employees employed by the Town as of June 30, 2010. This payment is calculated as an amount equivalent to 2% of the median employee's annual pay. Each employee will receive the same dollar amount. This amount will be paid in one lump sum and, similar to a bonus, it will not become part of the employee's base pay. Since this is a one-time expense and because it was the effort of these employees that created the budget savings portion of the fund balance, I believe it is appropriate to use a portion of the Town's fund balance in excess of 15% to fund this cost.

Departmental Budget Reductions

In order to balance the budget, I instructed departments to submit proposed departmental budgets at the same level of funding as the current year's original budget. This required each department to make adjustments in their budgets to cover increased operating costs as well as increases in the medical insurance premium and the employer contribution to the retirement system. Each department was also given a savings target for the current fiscal year representing the amount of money we need to save in the current year in order to balance next year's budget. To achieve these savings departments are employing a number of different strategies including:

- Delaying or deferring training and travel expenses
- Delaying lower priority projects or initiatives
- Holding vacant positions open

Despite the strain on departmental budgets, I believe we can continue to provide the same high level of service due to the dedication and ingenuity of our employees who continue to do more with less.

Goals for the FY2010-11

For the upcoming year the Town's goals have been established in the context of the recent economic downturn. Although we are officially in a "recovery" period, continued stagnant revenues and significant increases in healthcare and pension costs require a cautious approach to establishing short-term goals. The emphasis is on minimizing the impact of the economy on residents and employees, by maintaining the existing strengths of the Town including high service levels, an experienced work force and a stable economic base. The FY2010-11 Budget accomplishes this with the following strategies:

- No tax increase for FY2010-11
- Manage health care costs by making minor plan adjustments and seeking creative solutions through a partnership with the UNC Healthcare System
- Use fund balance in excess of 15% for one-time costs
 - Expanded capital improvement program
 - One time, lump sum payment to employee in lieu of salary adjustments
- No layoffs, no furloughs
- Transition to a defined contribution plan for post-employment health care for new employees
- Strategically manage vacant positions to maximize savings without significantly impacting services
- Maintain funding levels for outside agencies

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.

Planning Retreat Priorities

The Council held a planning retreat with members of the Senior Management Team on February 28th and March 1st, with a wrap up session on April 10, 2010. The results of that retreat focused our attention on the following priorities:

- **Govern with Quality, Responsiveness and Efficiency:**
 - Adopt strategy for key Council focus areas; Public Art, Communications, Affordable Housing and Sustainability.
 - Adopt a balanced compensation philosophy that helps to attract and retain the best employees and is financially sustainable.
 - Approve an organizational approach to strengthening community connections and resolving issues of discrimination and mistreatment.

- **Champion Downtown:**
 - Adopt Downtown Development Action Plan and Framework as a guide to investment
 - Compare alternative approaches from successful peer communities and modify ordinances and policies as appropriate in key downtown policy areas of; panhandling, cleanliness, bicycle and pedestrian safety, economic development and parking.

- **Focus Economic Development, Land Use and Transportation for a Balanced and Sustainable Future:**
 - Consider revising Comprehensive Plan to clarify the Vision and to guide planning and managing growth
 - Identify policy aspects of the development review process for revision and adopt timetable for review and action including:
 - Roles of Boards and Commissions
 - Revisions to the Land Use Management Ordinance
 - Council role in development review
 - Identify and address barriers and opportunities in business development within the Town's control(e.g., rents, regulatory environment, space available, focused incentives)
 - Define interests and needs
 - Develop and adopt strategies addressing the barriers
 - Define the Town's role in regional transportation
 - Use lessons learned from the Carolina North Development Agreement experience to improve collaboration with UNC-CH, UNC Healthcare and partners in local government and non-profit sectors

- **Maintain and Improve Community Facilities and Services:**
 - Decide Library expansion issues
 - Fund and adopt new Parks Master Plan
 - Decide municipal solid waste strategy for the future

- **Set Course for a sustainable financial future:**
 - Adopt Debt Management policies for Debt Service Fund
 - Adopt plan for future investment in capital projects
 - Adopt strategies for enhancing the non-residential tax base
 - Seek new and dependable revenue sources

- **Plan Ahead for Carolina North:**
 - Adopt implementation strategies and agreements set forth in Development Agreement
 - Continue regular meetings with Trustees

New initiatives funded in this year's budget include

- Matters related to the Council goals such as the Parks Master Plan;
- The wellness/alternative healthcare delivery project described above;
- The development review software project. The purpose of the development review project is to streamline the land use management processes through the application of a contemporary technology system to improve customer service and staff productivity.

Other budget issues

Outside agency funding remains at the same level as the current year. The Human Service Advisory Board and staff will come to Council with recommendations on specific agencies. The Chapel Hill Museum has petitioned Council for funding. We will be working with them to consider options for the needs they have expressed as we renegotiate their lease for Council consideration. Funds for repair to the building can come from the Town's maintenance funds.

The Council SEE Committee has been discussing carbon reduction strategies and funding for those strategies. The Council Economic Development Committee has been discussing strategies for meeting the initiatives of the economic development portion of Council goals. Rather than including activities related to these ongoing discussions in the Recommended Budget, I recommend that we continue to work with the committees to develop specific programs and identified measurements of results. We can return to the Council in the fall of this year with recommended programming, funding sources and possible new and sustainable funding sources for these priorities.

The Library budget, like all other departmental budgets is the same basic level as the current year. If the Council decides to proceed with the expansion project, we understand that interim operations in the coming year will be contained within the approved budget.

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 its effect on the Town's operating budget. The current tax rate dedicated to the debt fund is sufficient for the debt service on issued debt and 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 now without increasing the dedicated tax for the debt fund.

In addition to delaying debt-funded capital projects, last year we significantly reduced CIP projects funded through a transfer from the General Fund. For next year, we are recommending increasing our investment in CIP projects using one-time money from fund balance. The projects listed below represent our highest priority projects. They are, for the most part, 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, consistent with Council's stated priorities. 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 \$1,237,800. Projects included in the CIP for this year include the following:

Extraordinary Maintenance - Emergency Repairs	\$ 75,000
Fire Station #3 Capital Maintenance	120,000
Curb Repairs: ADA Compliance	20,000
Fiber optic cable	100,000
Small Park Improvements	75,000
Playground Replacement	75,000
Greenways	40,000
Parking Lots/Paths/Trails	40,000
Skate Park	46,000
Cedar Falls Parking Lot Paving	63,000
Battle Branch Trail	80,000
Street Maintenance	75,000
In-Car Police Cameras	108,800
Reserve Fire Truck	300,000
Cemetery Beautification	20,000
Total	<u>\$ 1,237,800</u>

General Fund Budget

As shown in the following table, the recommended General Fund Budget represents a 5.6% increase over the current year's original budget. The major factors in this increase are as follows:

- Increase in the tax collection contract with Orange Co.
- Increase in grant matching costs
- Increase in employer cost for retiree medical insurance
- On-site health care facility and wellness initiative
- Development review and permitting software initiative
- Increase in the CIP funding level
- A one-time salary adjustment for permanent employees
- Increase in funding parks maintenance

With the exception of parks maintenance and the salary adjustment all of these items are accounted for in the General Government portion of the General Fund Budget.

General Fund Expenditures			
	FY2009-10	FY2010-11	
	Original	Adopted	
Function	Budget	Budget	% Change
General Government	\$ 8,826,125	\$ 11,300,504	28.0%
Environment & Development	13,357,480	13,351,009	0.0%
Public Safety	19,434,467	19,352,451	-0.4%
Liesure	8,197,928	8,600,036	4.9%
General Fund Budget	\$ 49,816,000	\$ 52,604,000	5.6%

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 FY2010-11, we are planning to use \$3.0 million from the current year. The additional fund balance needed to balance the budget is approximately \$2,072,230. This amount will come from residual fund balance and will off-set one-time expenditures including CIP funding and the cost of the one-time employee pay adjustment. Based on our estimates this will drop the fund balance to approximately 15%

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 expenditures 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 4.8% increase over last year's budget. This increase is due in part to the increases in fixed route, demand response and vehicle maintenance. Overall operating costs for fixed route bus service is up 7.8%, due in part to the increased cost of fuel. State assistance is expected to increase by 14.5%, while federal assistance is declining by 6.9% and federal operating grants have been eliminated. Significant challenges lie ahead in FY 2011-12 and beyond as the continued availability of state and federal 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

The focus for the FY2010-11 recommended budget is to continue to mitigate the impact of stagnant revenues on our ability to deliver services, while making strategic investments to accomplish Council's goals and to achieve long-term financial stability. We believe this recommended budget achieves our goal of maintaining service levels at or near current levels, continued funding of performance agreements with outside agencies, maintaining salaries and benefits for employees, and investing in key public assets. To do this we are recommending a budget that uses a significant amount of fund balance to pay for one-time costs. The strategies employed in prior budgets have allowed the Town to build its fund balance during a time of global financial crisis.

As we emerge, slowly, from the recessionary economy, we have positioned ourselves to renew our investments in our community assets. We have the capacity to increase our CIP investment as well as the capacity to take on additional debt to finance projects that have been delayed. This budget also includes minor changes to the employee healthcare plan, reducing the Town's cost, but maintaining a very competitive benefit that our employees value highly. We have also included a one-time flat rate pay adjustment to help off-set the health insurance cost increases for the employee portion of dependent care and to recognize our employees for their hard work during these hard times.

The budget as presented is balanced without a tax increase. Long-term projections suggest that significant increases in revenues and development of new sources of revenue as well as reductions in costs must be achieved in order to avoid future tax increases.

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, 2010 through June 30, 2011.

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 ordinance allowing expenses and raising of revenue during the coming budget year, 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 2010-11.

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

State Laws Regarding Local Governmental Budgets

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

This legislation requires that the Manager submit a recommended budget to the Mayor and Council, that the Council hold a public hearing, and that the Council adopt an annual

CITIZENS' GUIDE TO REVIEWING THE BUDGET

budget or interim budget for 2010-11 by July 1. State laws also determine the types of services and regulatory authority which the Town can provide, the revenue sources available to the Town and in many cases the maximum level of such revenue. For example, the Town is not authorized to levy income taxes, and Orange County has enacted a local option sales tax at the authorized limit of 2 and 1/2%. The Town is authorized to provide various types of services needed in urban areas, including police and fire protection, refuse collection and street maintenance services.

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

Financial Management Principles

The adopted budget is based on financial management principles including:

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

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

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

CITIZENS' GUIDE TO REVIEWING THE BUDGET

* The Town from time to time issues bonds or uses installment contracts authorized by State law to finance capital projects which will benefit the community for a long period and which should therefore be paid for over a long period.

Budget Process

The Mayor and Council's process and schedule for developing the 2010 -11 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

CITIZENS' GUIDE TO REVIEWING THE BUDGET

out by divisions, where applicable.

◆ **Staffing Chart**

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

◆ **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:

- 2008-09 Actual
- 2009-10 Original Budget
- 2009-10 Revised Budget
- 2009-10 Estimated
- 2010-11 Adopted Budget
- % Change from 2009-10 Original Budget

◆ **Departmental Trends and Performance Measures**

The departmental trends section provides trend data for particular areas of each department. This section states a Council goal, departmental goal, and an objective for each measure. See the "Performance Measures Program" on page 6 for further explanation.

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

In addition to the material described above, the adopted 2010-11 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	2008-09	2009-10	2009-10	2009-10	2010-11	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2009-10
Personnel	759,140	833,544	833,544	833,544	809,367	-2.9%
Operating Costs	123,123	106,693	151,605	122,484	107,446	0.7%
Capital Outlay	9,011	5,000	5,000	5,000	-	-100.0%
Total	891,274	945,237	990,149	961,028	916,813	-3.0%

REVENUES	2008-09	2009-10	2009-10	2009-10	2010-11	% Change
	Actual	Original Budget	Revised Budget	Estimated	Adopted Budget	from 2009-10
General Revenues	730,933	776,437	821,349	846,228	770,013	-0.8%
Grants	-	-	-	-	-	N/A
Charges for Services	11,678	10,800	10,800	11,800	11,800	9.3%
Licenses/Permits/Fines	90,594	85,000	85,000	40,000	70,000	-17.6%
Transfers/Other Sources	58,069	73,000	73,000	63,000	65,000	-11.0%
Total	891,274	945,237	990,149	961,028	916,813	-3.0%

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

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

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

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

These revenues are directly related to departmental functions.

Performance Measures Program

In the Spring of 2010, the Town of Chapel Hill began a pilot program targeted at improving departmental performance measures Town-wide. A committee of four Town employees was formed by the Town Manager to oversee this program. The Town entered into a contract with Dr. David Ammons from the University of North Carolina at Chapel Hill School of Government for his assistance with this program. A one day seminar was held at Town Hall to introduce department heads and others to the performance measure program. A pilot group of 5 service areas was selected to begin work with the committee and Dr. Ammons as Phase 1 of the program. The 5 units for Phase 1 were:

- Fleet Services
- Information Technology
- Parking Services
- Fire
- Development Review

Phase 1:

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

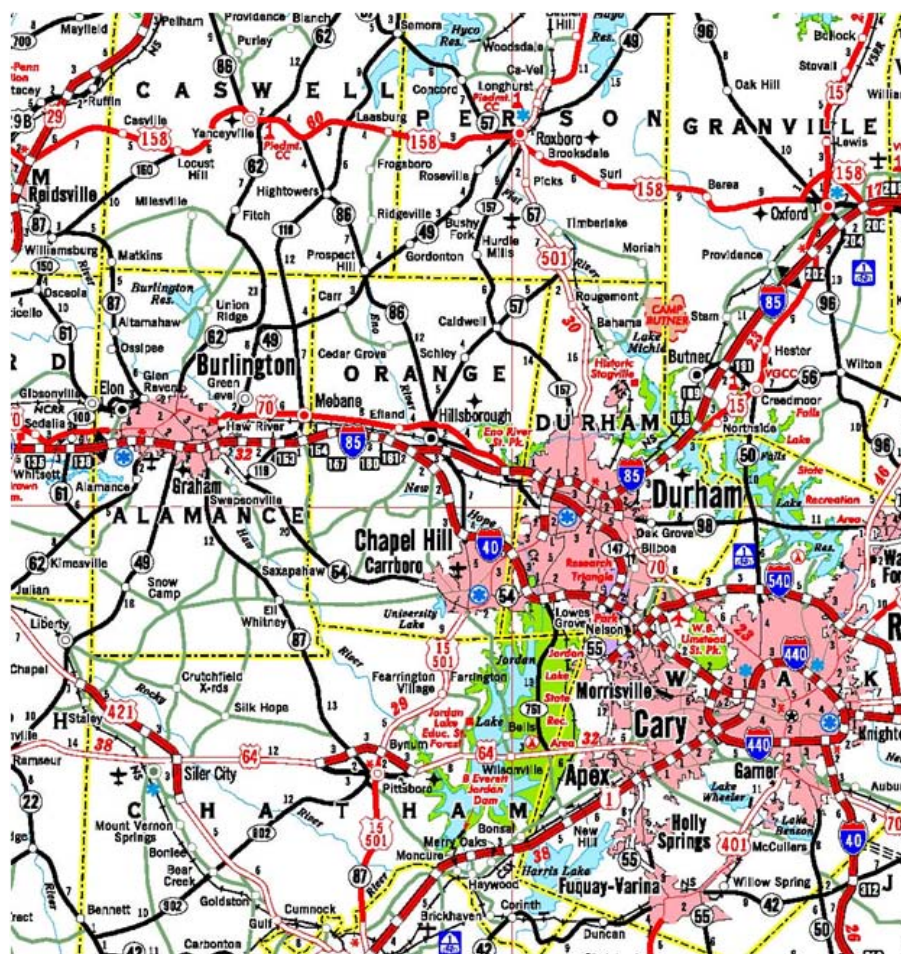
The committee and the Town Manager determined that phase 2 of the performance measure program would begin in the Fall of 2010, with 3 additional service areas. The service units that have yet to go through the program are encouraged to begin looking at improvements to their existing performance measures and consult with the committee. The goal is to have the entire Town complete this process by the Fall of 2012.

This budget document shows new measures from those service areas that went through phase 1 of the performance measure program. Future budget documents will include updated measures for departments as they go through the program. The performance measures program will provide departments and management with vital information for management and oversight, will focus attention on priorities and results, will identify successful strategies, and will enhance accountability.

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Location

The Town of Chapel Hill is located principally in Orange County and partially in Durham County in the north central portion of North Carolina on the Piedmont Plateau, approximately equidistant between Washington, D.C. and Atlanta, Georgia. The area's topography is characterized by rolling hills. The Town, which was incorporated in 1819, presently covers an area of 21.3 square miles and has a population of 55,616 according to the latest estimate issued by the State of North Carolina for July 2009. The Town is the home of the University of North Carolina at Chapel Hill, the nation's oldest public university, established in 1789. Today, the University enjoys a reputation as one of the best public universities in the United States.



The Town conducts an ongoing planning and programming process through which it implements orderly expansion and management of the growth and development of the community in accord with the Comprehensive Plan, last revised in spring of 2000 and updated in May 2003. At present, the Town exercises zoning and building controls over a 27.6 square mile area that includes the corporate limits and a 6.3 square mile planning jurisdiction.

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

The growth of the Town has been directly related to the expansion of the University of North Carolina at Chapel Hill. Enrollment at the University has risen from 8,791 in 1960 to 27,748 in 2009-10. 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

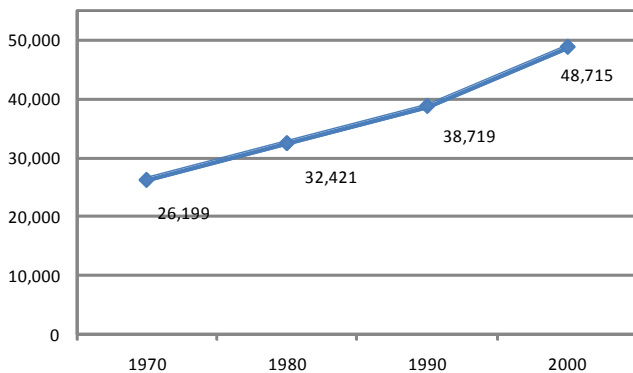
POPULATION GROWTH AND CHARACTERISTICS

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.

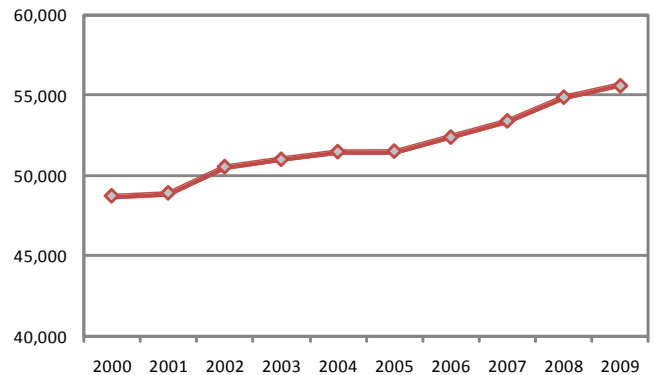
Figure 2 shows the Town’s growth since the 2000 Census.

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

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

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	2,290
Orange County	53,326
TOTAL	55,616

Source: NC Office of State Budget and Management, 2008

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%

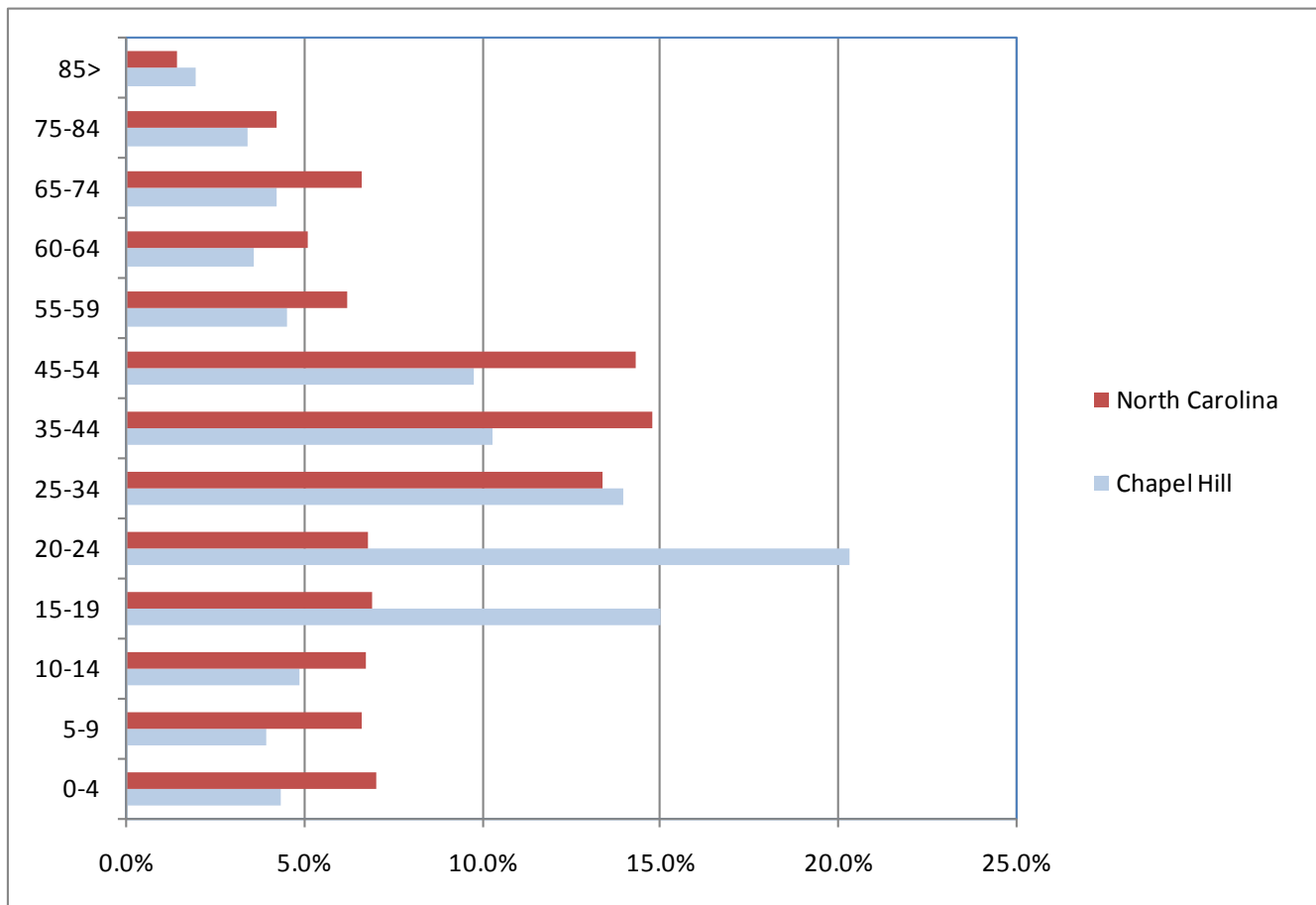
Source: US Census Bureau, 2000

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 15 percent of the Town’s population, while the 20 to 24 age group comprises 20.3 percent. As a comparison, the 20 to 24 age group represents 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 25.8 years old, while North Carolina’s median age is 36.8.



Source 2006-2008 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 2006-2008 American Community Survey 3-Year Estimates. The data is produced and disseminated by the US Census Bureau's Population Estimates Program.

Table 3: Family Income (# of families)

	<u>Chapel Hill</u>	<u>Orange County</u>	<u>North Carolina</u>
	<u>Family Income</u>	<u>Family Income</u>	<u>Family Income</u>
Less than \$10,000	577	1,310	116,858
\$10,000 to \$14,999	95	649	84,981
\$15,000 to \$24,999	829	2,199	226,699
\$25,000 to \$34,999	812	2,340	246,433
\$35,000 to \$49,999	836	3,194	351,963
\$50,000 to \$74,999	1,400	4,605	502,408
\$75,000 to \$99,999	1,320	3,512	330,014
\$100,000 to \$149,999	1,782	5,692	304,854
\$150,000 to \$199,999	1,004	2,626	97,790
\$200,000 or more	2,181	3,569	93,509
Total Households/Families	10,836	29,696	2,355,509
Median Income	\$89,507	\$77,997	\$56,558
Mean Income	\$132,919	\$108,571	\$73,258
Per Capita Income	\$35,796	\$33,862	\$25,015

Table 3a: Family Income (% of total)

	<u>Chapel Hill</u>	<u>Orange County</u>	<u>North Carolina</u>
	<u>Family Income</u>	<u>Family Income</u>	<u>Family Income</u>
Less than \$10,000	5.32%	4.41%	4.96%
\$10,000 to \$14,999	0.88%	2.19%	3.61%
\$15,000 to \$24,999	7.65%	7.41%	9.62%
\$25,000 to \$34,999	7.49%	7.88%	10.46%
\$35,000 to \$49,999	7.72%	10.76%	14.94%
\$50,000 to \$74,999	12.92%	15.51%	21.33%
\$75,000 to \$99,999	12.18%	11.83%	14.01%
\$100,000 to \$149,999	16.45%	19.17%	12.94%
\$150,000 to \$199,999	9.27%	8.84%	4.15%
\$200,000 or more	20.13%	12.02%	3.97%
\$50,000 or more	70.94%	67.36%	56.40%

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 4: Educational Attainment

<u>Educational Attainment</u>	<u>Chapel Hill (% of total)</u>	<u>Orange County (% of total)</u>	<u>North Carolina (% of total)</u>
Less than 9th	2.4%	4.2%	6.3%
9th to 12th, No Diploma	2.1%	6.1%	10.8%
High School Graduate	7.5%	16.6%	28.9%
Some College, No Degree	7.9%	12.1%	20.2%
Associate's Degree	3.1%	5.6%	8.2%
Bachelor's Degree	32.6%	26.5%	17.1%
Graduate or Professional Degree	44.5%	28.9%	8.5%

Table 5: School Enrollment

<u>School Enrollment</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Elementary (grades K-5)	4,693	4,851	4,959	5,141	5,268
Intermediate (grades 6-8)	2,566	2,563	2,592	2,617	2,688
Secondary (grades 9-12)	3,462	3,527	3,528	3,669	3,674
Total	10,721	10,941	11,079	11,427	11,630

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

ADDITIONAL DEMOGRAPHIC INFORMATION

Table 6: Unemployment Rates

<u>Regional Average Unemployment Rates 2000-2010</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	5.5%	6.6%	10.9%
2010*	5.8%	6.5%	10.0%

*2010 rates based on monthly averages through June.

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

CHAPEL HILL – LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS

Table 7: Economic Indicators

Total Taxable Sales			
Fiscal Year	Total Taxable	Increase/(Decrease)	Statewide
Ended June 30	Sales	Over Previous Year	Increase/(Decrease)
			Over Previous Year
2006	\$ 568,278,367	0.0%	0.0%
2007	594,880,476	4.5	9.5
2008	634,620,708	6.3	(0.3)
2009	602,357,468	(5.4)	(4.6)

Source: NC Department of Revenue, Sales and Use Tax Division

Table 8: Top Employers

Orange Co. Top Employers By Size	
Employer	Number of Employees
UNC	11,204
UNC Hospitals	7,977
Blue Cross Blue Shield of N.C.	4,922
Chapel Hill-Carrboro Schools	2,000
Orange Co. Schools	968
Orange Co. Government	883
Town of Chapel Hill	754

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

Orange County

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

SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

Town of Hillsborough

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

Orange Water and Sewer Authority

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

Chapel Hill-Carrboro School System

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

SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

University of North Carolina

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

City of Durham

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

Durham County

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

SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS

Chatham County

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

Triangle Transit Authority

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

Triangle J Council of Governments (TJCOG)

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

State of North Carolina

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

FUND DESCRIPTIONS AND MAJOR REVENUES

<u>Fund Title</u>	<u>Accounts For</u>	<u>Primary Funding Sources</u>
GENERAL FUND	Normal recurring Town activities such as planning, inspections, engineering, public works, public safety, parks and recreation and library	Property and other taxes, State-shared revenues, grants, charges for services, licenses, permits and fines
TRANSPORTATION		
Transit Fund	Operation and maintenance of public transportation, E-Z Rider and Shared Ride services	Federal and State grants, property taxes and charges for services
Transit Capital Reserve Fund	Reserve fund for replacement of buses and other capital equipment and improvements	Contributions from the Transit Operating Fund
PARKING		
Off-Street Parking Fund	Off-street parking facilities, James Wallace Deck, and monthly rental parking	Short-term parking fees and monthly rentals
On-Street Parking Fund	Parking enforcement and parking meters	Parking meter collections and parking citations
STORMWATER MANAGEMENT		
Stormwater Management Fund	Management of stormwater to protect water quality as mandated by NC General Statutes	Fees
HOUSING		
Public Housing Fund	Management of public housing units and residential rehabilitation	Federal grants and rental income
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	Transfer from General Fund
OTHER FUNDS		
<u>Special Revenue Funds</u>		
Grants Fund	Miscellaneous grants	Federal and State Grants
Downtown Service Fund	Promotion of Downtown economic development	Property taxes
Library Gift Fund	Gifts and donations received for the library	Gifts and donations
<u>Internal Service Funds</u>		
Vehicle Replacement Fund	Centrally managed vehicle replacement	Charges to General Fund
Fleet Maintenance Fund	Centrally managed fleet maintenance	Charges to General, Parking and Housing Funds
Computer Replacement Fund	Centrally managed computer replacement	Charges to General Fund

FUND BALANCE

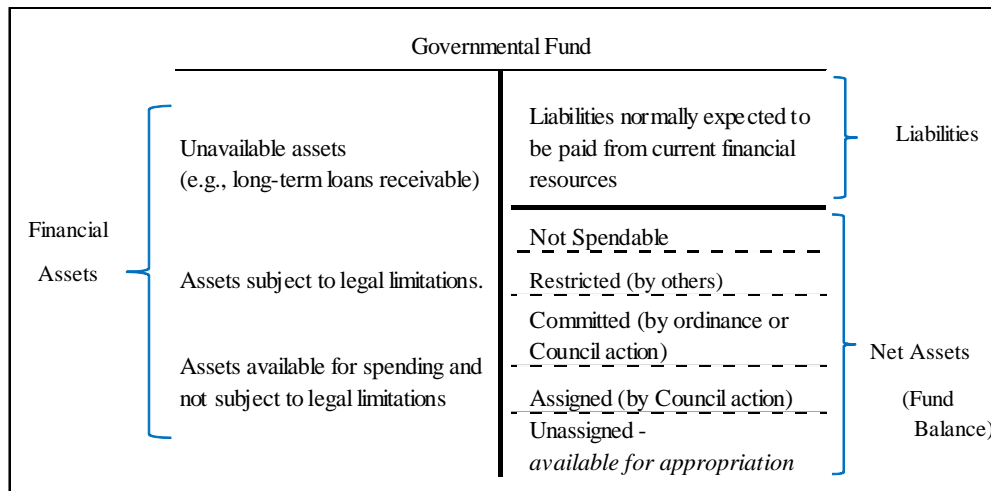
Fund balance (net assets) is the accumulated difference between revenues and expenditures in a governmental fund, and is similar to “working capital” for a private business. Portions of fund balance are intended to meet the cashflow and working capital needs of the Town in accordance with reserve recommendations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

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

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

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

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



DEBT

INTRODUCTION & BACKGROUND

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

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

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

ESSENTIALS

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

State statutes only allow debt issuance for capital expenditures.

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

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

General Obligation Bonds

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

DEBT

INTRODUCTION & BACKGROUND

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

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

Two-thirds GO Bonds

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

Revenue Bonds

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

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

Installment Contract Financing

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

DEBT

INTRODUCTION & BACKGROUND

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

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

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

Certificates of Participation

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

Debt Options under the Stimulus Act

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

Additional Debt Information

Please refer to page 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 annually budgeted Capital Improvements Fund, and also those projects that are funded through bonds, State and federal grants, and other sources. The Capital Program does not include the capital needs of the Chapel Hill-Carrboro City School System, the Orange Water and Sewer Authority, or the Orange Regional Landfill which was transferred to Orange County in 2000. Most projects funded by bonds, grants and other special funding sources are accounted for in Multi-Year Capital Project Funds, such as various capital projects funded from bonds, and are therefore not included in the annual operating budget.

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

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

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

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

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

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

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

GOVERNMENTAL FUNDS

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

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

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

The following are the Town's Governmental Fund Types:

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

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

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

FUND STRUCTURE & BASIS OF BUDGETING

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

PROPRIETARY FUND TYPES

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

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

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

BUDGETARY CONTROL

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

DEPARTMENTS/DIVISIONS

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

OVERVIEW OF BUDGET PROCESS



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

Financial Capacity Phase

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

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

Policy/Strategy Phase

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

OVERVIEW OF BUDGET PROCESS

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

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

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

Needs Assessment Phase

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

Review/Development Phase

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

Implementation/Adoption Phase

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

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

OVERVIEW OF BUDGET PROCESS

In 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 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 projects and possible funding sources. Beginning in the fall of each year, departments submit project requests that are reviewed by the Senior Management Team and the Town Manager. This team develops a draft proposal for consideration by the Town Council.

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

BUDGET GUIDELINES & PRACTICES

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

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

BUDGET GUIDELINES & PRACTICES

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

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

CAPITAL EXPENDITURES

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

BUDGET GUIDELINES & PRACTICES

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

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

NET ASSET (FUND BALANCE) RESERVES

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

BUDGET GUIDELINES & PRACTICES

FINANCIAL REPORTING	
Guideline	Comment
<p>The Town’s accounting and financial reporting systems will be maintained in conformance with current generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).</p>	<p>The Town participates in the accounting and budgeting awards programs of the association, receiving the Certificate of Achievement for Excellence in Financial Reporting for fiscal year ending June 30, 2009 and Distinguished Budget Award in 2009-10 and in past years. The Town plans to continue participation in these programs annually.</p>
<p>Consistent with State law, an annual audit will be performed by an independent public accounting firm with subsequent issuance of a Comprehensive Annual Financial Report (CAFR). Full disclosure will be provided in the general financial statements and all bond representations.</p>	<p>The Town prepares a Comprehensive Annual Financial Report that receives an unqualified opinion by an independent accounting firm each year. As required by State law, the annual report is submitted to the N. C. Local Government Commission staff for a detailed review of compliance with Commission recommendations and guidelines and compliance with applicable accounting and financial reporting standards.</p>

BUDGET ASSUMPTIONS

Major issues affecting Town revenues for the FY 2011 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 FY 2011 budget incorporates the following assumptions:

- We anticipate a slow recovery lasting through the end of FY 2011, with minimal revenue growth.
- The property tax base is estimated to increase to \$7.11 billion in FY 2011.
- We estimate that the Town's revenue from the local sales taxes will increase slightly FY 2011.
- State operating assistance for the Transit Fund will decline slightly for FY 2011 as the state continues to struggle with the impact of the recession. Federal assistance is also expected to decline as American Recovery and Reinvestment Act funding ends.

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 2010-11 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 was rescheduled to fall of 2009-10 due to turmoil in the debt markets due to the global economic crisis. The sale remains on hold pending concerns about revenue shortfalls resulting from the ongoing recession. A continued delay will require LGC approval to extend the time to sell the bonds beyond November 2010. The following projections assume the sale will move forward by the spring of 2011.

The balance of the authorized general obligation debt scheduled to be sold by spring of 2011 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 in an amount not to exceed \$7.245 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 2012-13. The projections assume that the Parking Fund would provide for the cost of this debt service as a transfer to the Debt Fund.

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 2010-11 would be approximately

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

\$2,143,000 or 3.06 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 different picture. The Town has traditionally tried to keep debt service below 10% of budgeted expenditures, but with the recent investment in public facilities this ratio has risen to 11.19% in 2009-10. 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. Previously, debt service costs competed with other priorities for General Fund revenues, but now have a dedicated revenue source, which also provides for future debt as existing debt is paid off. Maintaining affordable levels of debt is an important factor in retaining the Town's current AAA ratings.

With the delay in the sale of the remaining bonds authorized, the 2010-11 budget meets the goal of limiting debt service to 10% of the budget. Based on current projections, debt service (including installment debt) will be 9.73% of budget in 2010-11. The debt to expenditure ratio would rise to 13.03% in 2011-12 with the issuance of the bonds.

Some of the other key factors affecting revenues and costs are outside the Town's control, such as State-shared revenues affected by State legislation, and numerous State and federal regulations which affect funding for the Transit system and the Housing Department, primarily. We project no significant withholding of State-shared revenues, however, the county has the option each year to change the sales tax distribution formula from the current per capita basis to an ad-valorem basis. Changing from a per capita basis to an ad-valorem distribution would reduce the Town's Sales Tax revenues by approximately \$2.5 million. The time period during which the County can change the distribution basis has passed for FY2010-11, however the County will be able to make this selection in subsequent fiscal years.

The main points included in the revenue and cost projections for the General Fund, Transit Fund and the Debt Service Fund are summarized on the following pages. The differences between revenues and expenditures are expressed as tax rate equivalents. As the budget increases, the 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 below normal during the current recovery period. The estimate of assessed valuation for the tax base in 2010-11 is about \$7.11 billion. The most recent revaluation of property assessments went into effect the FY2009-10 Budget Year. Real property values increased by approximately 24% and the motor vehicle and personal property valuations were decreased by about 10%. The Council adopted a property tax rate slightly below the revenue neutral rate for the FY2009-10 Budget.

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 2010-11 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, that began 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 2010-11 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 sales tax revenues declined approximately \$658,000 from their high point in FY2007-08. For FY2009-10, it appears that sales tax revenues have leveled-off and we anticipate modest growth of about 1.5% for FY2010-11. Based on forecasts of a slow economic recovery, we are projecting sales taxes to recover to pre-FY2008-09 levels by FY2012-13 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. The exception to this expectation is the Beer and Wine Tax. The State withheld two-thirds of its distribution to municipalities in FY2009-10 and has indicated it will withhold two-thirds for FY2010-11 as well.

These State-shared revenues include revenue from utility franchise taxes (estimated at about \$3.6 million in 2010-11). 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 \$1.35 million in 2010-11) with no projected growth over the next five years, and the beer and wine tax, two-thirds of which has been withheld by the State. We anticipate the State will resume 100% distribution of the Beer and Wine Tax in FY2011-12.

We assume continuation of State Fire Protection funds at the level received in 2009-10, \$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 2010-11. 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 FY2010-11 the amount of capital funding is increased by \$867,000 in order to compensate for the reduction in planned capital maintenance expenditures in the FY2009-10 budget. The availability of undesignated fund balance in excess of 15% allows for this one-time increase in capital expenditures for FY2010-11. 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 FY 2010-11, we have estimated changes in personnel costs, including salaries and benefits, totaling 2% and 13.9% respectively, and increased operations costs of approximately 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

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

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.

TRANSIT FUND

The budget for 2010-11 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 FY2010-11 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. Despite the short-term impact of stimulus funding, concerns regarding the adequacy of revenues to cover costs in future years remains. The adopted budget for 2010-11 is balanced with a tax rate at 4.1 cents, however subsequent years show the need for a tax increase of approximately 1.2 to 0.3 cents each year through 2015-16.

DEBT SERVICE FUND

The funding structure for the Debt Service Fund is projected to continue in FY2010-11 with a tax rate of 9.3 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 tax-funded operating funds for the next five years, differences between revenues and costs for future years could require cost or service reductions, revenue enhancements, or tax rate adjustments. The differences expressed as tax rate equivalents are summarized as follows:

Tax Rate Equivalents of Needed Revenue (in cents)

		2011-12	2012-13	2013-14	2014-15	2015-16
	2010-11	Estimated Increase	Estimated Increase	Estimated Increase	Estimated Increase	Estimated Increase
General Fund	0.0	6.7	1.4	2.0	2.4	2.8
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0
Transportation Fund	0.0	1.2	0.3	0.3	0.3	0.4
Total	0.0	7.9	1.7	2.3	2.7	3.2

The largest concern in the budget projection is the expected imbalance between revenues and expenditures in the General Fund in FY2011-12. 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
2010/2011 - 2015/2016

Category	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Assessed Valuation (Real & Personal Property)	\$7,110,000,000	\$7,237,980,000	\$7,368,260,000	\$7,500,890,000	\$7,635,910,000	\$7,773,360,000
Tax Levy - General Fund Only*	25,596,000	26,057,000	26,526,000	27,003,000	27,489,000	27,984,000
Estimated Collections at 99%	25,340,000	25,800,000	26,260,000	26,730,000	27,210,000	27,700,000
Estimated Prior Year Collections	150,000	150,000	150,000	150,000	150,000	150,000
TOTALS	\$ 25,490,000	\$ 25,950,000	\$ 26,410,000	\$ 26,880,000	\$ 27,360,000	\$ 27,850,000

* Based on continuation of a tax rate of 36.0 cents for the General Fund for FY11, with estimated growth of 1.8% each year thereafter. Does not consider the effects of revaluation of real property in future years.

GENERAL FUND
PROJECTED STATE-SHARED REVENUES
2010/2011 - 2015/2016

Category	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Franchise Tax ¹	\$ 2,800,000	\$ 2,856,000	\$ 2,913,000	\$ 2,971,000	\$ 3,030,000	\$ 3,091,000
Video Programming Tax ¹	757,000	772,000	787,000	803,000	819,000	835,000
Supplemental PEG support ¹	50,000	51,000	52,000	53,000	54,000	55,000
Beer, Wine Tax ²	81,000	246,000	246,000	246,000	246,000	246,000
1% Local Option Sales Tax (Article 39) ³	3,263,000	3,354,000	3,421,000	3,489,000	3,559,000	3,630,000
1/2% Local Option Sales Tax (Article 40) ³	2,101,000	2,143,000	2,175,000	2,219,000	2,263,000	2,308,000
1/2% Local Option Sales Tax (Article 42) ³	1,886,000	1,924,000	1,953,000	1,992,000	2,032,000	2,073,000
1/2% Local Option Sales Tax (Article 44) ³	1,805,000	1,859,000	1,915,000	1,972,000	2,031,000	2,092,000
Total Local Option Sales Taxes	9,055,000	9,280,000	9,464,000	9,672,000	9,885,000	10,103,000
Fuel Tax (Powell Bill) ⁴	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
State Fire Protection	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000
Solid Waste Disposal Tax	20,000	20,000	20,000	20,000	20,000	20,000
TOTAL	\$ 15,323,000	\$ 15,785,000	\$ 16,042,000	\$ 16,325,000	\$ 16,614,000	\$ 16,910,000

¹ Utility franchise tax distribution has been changed in recent years and was impacted by the change in distribution of cable franchise revenues. Revenues after 2011 are estimated to grow at 2% annually.

² The State has indicated an intention to withhold 2/3 of municipal beer and wine taxes to balance the state budget in FY10 and the likelihood of continuing that process in FY11. We estimate revenues to return to prior levels thereafter.

³ Estimate a slow recovery from 2009-10 with local components expected to recover before State-wide, and normal slow growth of 2-3% in FY12 and thereafter.

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

GENERAL FUND
REVENUE PROJECTIONS
2010/2011 - 2015/2016

Category	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Property Taxes*	\$ 25,490,000	\$ 25,950,000	\$ 26,410,000	\$ 26,880,000	\$27,360,000	\$27,850,000
Other Taxes & Licenses	783,000	808,000	833,000	858,000	883,000	908,000
Licenses/Permits/Fines/ Forfeitures	1,889,000	1,889,000	1,889,000	1,889,000	1,889,000	1,889,000
State-Shared Revenues	15,323,000	15,785,000	16,042,000	16,325,000	16,614,000	16,910,000
Grants	423,000	423,000	423,000	423,000	423,000	423,000
Service Charges	1,919,000	1,929,000	1,939,000	1,949,000	1,959,000	1,969,000
Interest on Investments	60,000	60,000	60,000	60,000	60,000	60,000
Other Revenues	296,000	296,000	296,000	296,000	296,000	296,000
Interfund Transfers	1,354,000	1,395,000	1,437,000	1,480,000	1,524,000	1,570,000
TOTAL	\$ 47,537,000	\$ 48,535,000	\$ 49,329,000	\$ 50,160,000	\$51,008,000	\$51,875,000

* Based on continuation of revenue neutral tax rate of 36.0 cents for the General Fund through 2015-16.

**GENERAL FUND
PROJECTED COSTS
2010/2011 - 2015/2016**

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Personnel Services ¹	\$ 35,891,000	\$ 37,790,000	\$ 39,742,000	\$ 41,788,000	\$ 43,954,000	\$ 46,274,000
Operations						
Operating & Maintenance ²	14,224,000	14,596,000	14,442,000	14,609,000	14,996,000	15,497,000
Capital						
Equipment ³	94,000	96,000	98,000	100,000	102,000	104,000
Transfer to Capital						
Improvements Program ⁴	1,173,000	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	822,000	822,000	822,000	822,000	822,000	822,000
Other Post Employment Benefits	400,000	400,000	400,000	400,000	400,000	400,000
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/						
TOTALS	\$ 52,604,000	\$ 54,704,000	\$ 56,504,000	\$ 58,719,000	\$ 61,274,000	\$ 64,097,000

Assumptions for years after 2011, reflected on base cost estimates for 2010-11:

¹ Assumptions include increase 3% each year after FY11, 15% annual increase in medical insurance and from 32% to 1% for retirement increases as projected by the State Treasurer through 2015-16.

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

2010/2011 - 2015/2016

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Estimated Total Costs	\$ 52,604,000	\$ 54,704,000	\$ 56,504,000	\$ 58,719,000	\$ 61,274,000	\$ 64,097,000
Estimated Total Revenues	47,537,000	48,535,000	49,329,000	50,160,000	51,008,000	51,875,000
Revenues Needed	5,067,000	6,169,000	7,175,000	8,559,000	10,266,000	12,222,000
Fund Balance Available	2,616,500	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
One-time use of Fund Balance	2,450,500	-	-	-	-	-
Additional Revenue Needed/ (Available)	\$ -	\$ 4,669,000	\$ 5,675,000	\$ 7,059,000	\$ 8,766,000	\$ 10,722,000
Change in Tax Rate in cents in Specific Years*	-	6.7	1.4	2.0	2.4	2.8

*Value of a cent = \$700,000

TRANSIT FUND
REVENUE PROJECTIONS
2010/2011 - 2015/2016

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated
Taxes ¹	\$ 2,886,000	\$ 2,938,000	\$ 2,991,000	\$ 3,045,000	\$ 3,100,000
Vehicle Taxes ²	415,000	419,000	423,000	427,000	431,000
Federal Operating Assistance ³	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Other Federal Grants ⁴	325,000	-	-	-	-
State Operating Assistance ³	3,320,000	2,900,000	2,900,000	2,900,000	2,900,000
UNC Contract (Net) ⁵	5,930,000	6,037,000	6,146,000	6,257,000	6,370,000
Carrboro Contract (Net) ⁵	1,033,000	1,035,000	1,037,000	1,039,000	1,041,000
Service Charges ⁶	715,000	736,000	758,000	781,000	804,000
Other	25,000	25,000	25,000	25,000	25,000
Fund Balance	-	-	-	-	-
TOTAL	\$ 16,549,000	\$ 15,990,000	\$ 16,180,000	\$ 16,374,000	\$ 16,571,000

Revenue Notes:

¹ Based on the property tax rate of 4.1 cents through 2015-16.

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

⁴ Includes stimulus funding.

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
2010/2011 - 2015/2016

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Personnel Services ¹	\$ 11,602,000	\$ 12,225,000	\$ 12,868,000	\$ 13,543,000	\$ 14,260,000	\$ 15,030,000
Operations ²	5,834,000	6,009,000	6,189,000	6,375,000	6,566,000	6,763,000
Capital Reserve Fund ³	-	300,000	300,000	300,000	300,000	300,000
TOTAL	\$ 17,436,000	\$ 18,534,000	\$ 19,357,000	\$ 20,218,000	\$ 21,126,000	\$ 22,093,000

Assumptions for years after 2010-11:

¹ Increase of 3% in most salaries, 15% in medical and increases for retirement between 32% and 1% as projected by the State Treasurer.

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
2010/2011 - 2015/16***

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Estimated Costs	\$ 17,436,000	\$18,534,000	\$19,357,000	\$20,218,000	\$21,126,000	\$22,093,000
Estimated Revenues	16,549,000	15,990,000	16,180,000	16,374,000	16,571,000	16,772,000
Revenue Needed/(Excess)	887,000	2,544,000	3,177,000	3,844,000	4,555,000	5,321,000
Fund Balance Available	887,000	-	-	-	-	-
Additional Revenue Needed	\$ -	\$ 2,544,000	\$ 3,177,000	\$ 3,844,000	\$ 4,555,000	\$ 5,321,000
Change in Tax Rate in Specific Years	-	1.2	0.3	0.3	0.3	0.4

1 cent on the tax rate = \$700,000

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 routes and service levels as 2009-10.
- Includes estimated adjustments of 3% in salaries and operating costs after FY11.

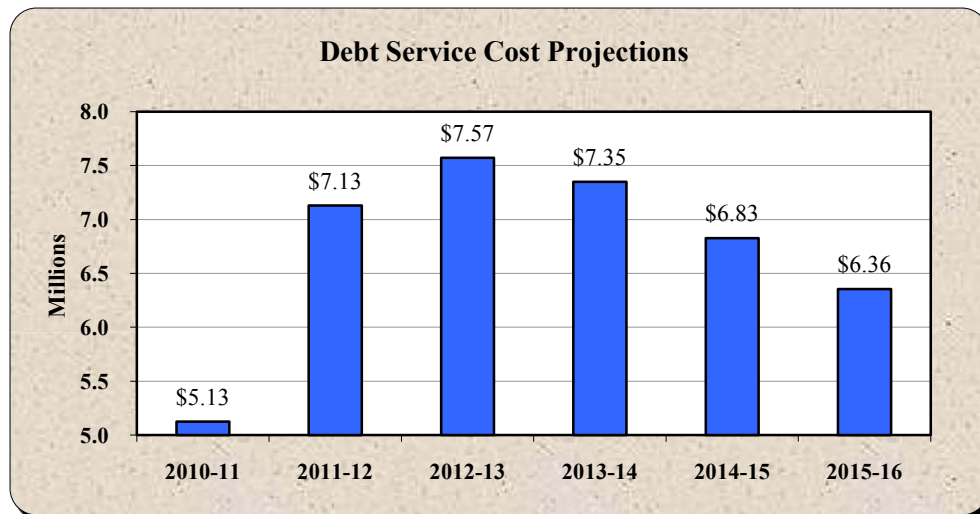
***DEBT SERVICE FUND
PROJECTED TAX BASE
2009/2010 - 2015-16***

Category	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Assessed Valuation (Real & Personal Property)	\$7,110,000,000	\$7,237,980,000	\$7,368,260,000	\$7,500,890,000	\$7,635,910,000	\$7,773,360,000
Tax Levy - Debt Service Fund Only*	6,612,000	6,731,000	6,852,000	6,976,000	7,101,000	7,229,000
Estimated Collections at 99%	6,546,000	6,660,000	6,780,000	6,910,000	7,030,000	7,160,000
Estimated Prior Year Collections	-	-	-	-	-	-
TOTALS	\$ 6,546,000	\$ 6,660,000	\$ 6,780,000	\$ 6,910,000	\$ 7,030,000	\$ 7,160,000

* Based on a revenue neutral tax rate of \$9.3 cents for the General Fund through 2015-16, 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
2010/2016 - 2015/2016**

	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Existing Debt	\$ 4,496,000	\$4,375,000	\$4,243,000	\$ 4,109,000	\$ 3,780,000	\$ 3,376,000
Debt Transferred from CIP Fund	630,000	610,000	472,000	458,000	340,000	329,000
New General Obligation Debt Service - Fall 2010 Issue \$14,260,000	-	1,500,000	1,460,000	1,421,000	1,381,000	1,342,000
New General Obligation Debt Service - Fall 2010 Issue \$6,150,000	-	643,000	626,000	609,000	593,000	576,000
New Installment Debt Service - \$7,705,000 Downtown Initiative	-	-	771,000	751,000	732,000	732,000
TOTALS	\$ 5,126,000	\$7,128,000	\$7,572,000	\$ 7,348,000	\$ 6,826,000	\$ 6,355,000



DEBT SERVICE FUND
ANALYSIS OF REVENUE AND COST PROJECTIONS
2010/2011 - 2015/2016

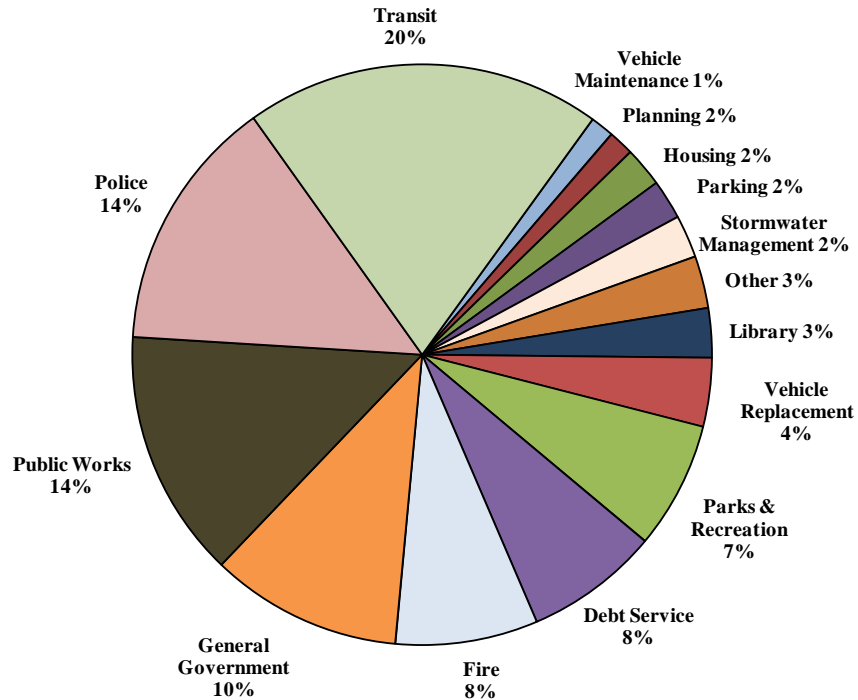
	2010-11 Adopted	2011-12 Estimated	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated
Estimated Total Costs	\$5,126,000	\$ 7,128,000	\$ 7,572,000	\$ 7,348,000	\$ 6,826,000	\$ 6,355,000
Estimated Total Revenues	6,546,000	6,660,000	6,780,000	6,910,000	7,030,000	7,160,000
Fund Balance Available*	-	468,000	792,000	438,000	-	-
Revenue Needed/ (Available)	(1,420,000)	-	-	-	(204,000)	(805,000)
Reserved for future debt	1,420,000	-	-	-	204,000	805,000
Additional Revenue Needed/ (Available)	-	-	-	-	-	-
Change in Tax Rate in Specific Years*	0.0	0.0	0.0	0.0	0.0	0.0

Value of a cent = \$700,000

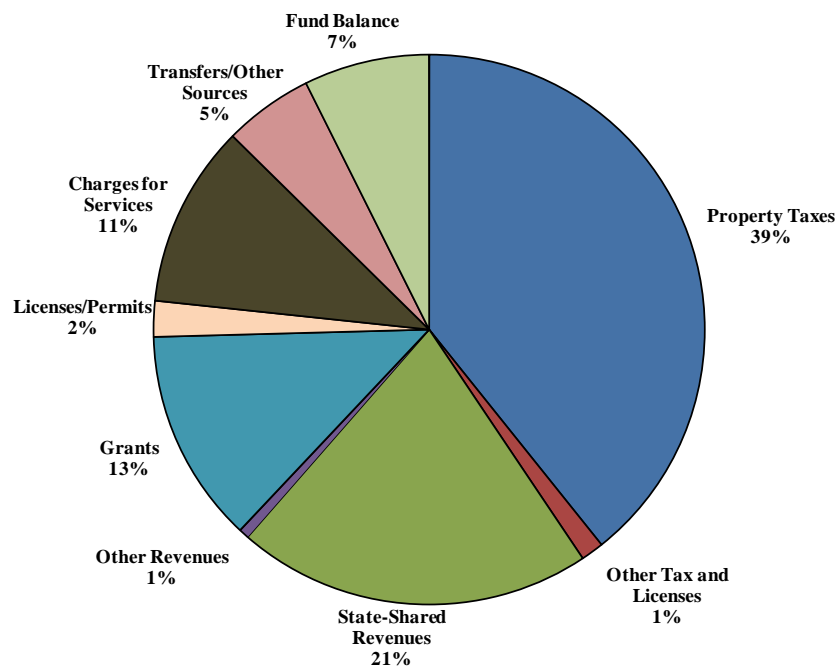
* Includes transfer from Parking Fund to cover debts service for Lot 5 Project.

ALL FUNDS SUMMARY

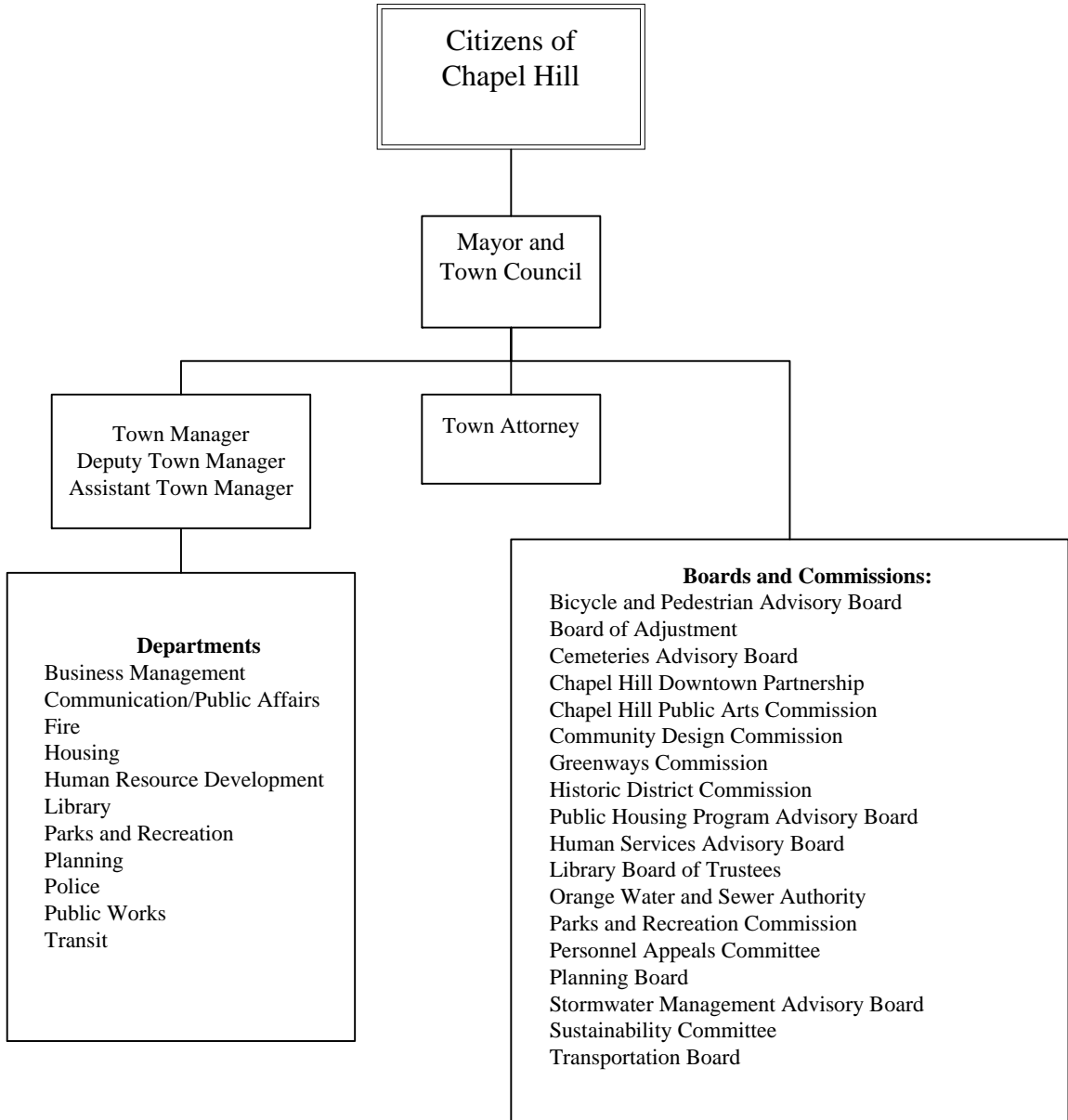
TOTAL BUDGET EXPENDITURES \$87,613,302 (NET OF TRANSFERS)



TOTAL BUDGET REVENUES



TOWN OF CHAPEL HILL ORGANIZATION CHART



***ALL FUNDS
SUMMARY OF APPROPRIATIONS
Adopted Budget 2010-11***

Fund	Appropriations	Less Transfers to Other Funds	Net Appropriations
General Fund	\$ 52,604,000	\$ 1,949,223	\$ 50,654,777
Transit Funds			
Transit	17,436,483	23,006	17,413,477
Transit Capital Reserve Fund	175,000	175,000	-
Stormwater Management Fund	2,068,519	-	2,068,519
Parking Funds			
Off-Street Parking Fund	1,426,782	-	1,426,782
On-Street Parking Fund	596,000	86,222	509,778
Housing Funds			
Public Housing Fund	1,932,334	-	1,932,334
Housing Loan Trust Fund	1,260	-	1,260
Debt Service Fund	6,549,000	-	6,549,000
Capital Projects			
Capital Improvements Fund	1,237,800	-	1,237,800
Other Funds			
Grants Fund	876,744	-	876,744
Downtown Service District Fund	163,300	-	163,300
Library Gift Fund	76,000	45,000	31,000
Vehicle Replacement Fund	3,350,000	-	3,350,000
Vehicle Maintenance Fund	1,148,531	-	1,148,531
Computer Replacement Fund	250,000	-	250,000
TOTAL	\$ 89,891,753	\$ 2,278,451	\$ 87,613,302

ALL FUNDS STAFFING SUMMARY

Personnel costs make up 56.7% of the Town's operating budget. Overall personnel (FTE's) for the 2010-11 adopted budget increased due the addition of 9 Bus Drivers in Transit and 1 Legal Advisor in the Police Department to the total FTE count.

2010/2011 STAFFING BY DEPARTMENT IN FULL-TIME EQUIVALENTS

<i>DEPARTMENTS</i>	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 ADOPTED
Mayor	1.00	1.00	1.00
Manager	8.80	8.00	8.00
Communications & Public Affairs*	7.53	9.13	9.13
Human Resource Development	8.00	8.00	8.00
Business Management	22.00	22.00	23.00
Legal	2.00	2.00	2.00
Planning	19.06	20.06	20.53
Engineering	20.00	0.00	0.00
Public Works	86.50	106.75	106.75
Police	142.00	144.00	145.00
Fire	92.53	93.53	93.53
Parks & Recreation	56.79	58.84	58.84
Library	29.20	29.20	29.08
Transit	184.96	185.98	195.33
Stormwater	14.00	14.00	14.00
Parking	12.80	12.80	12.80
Housing	18.00	18.00	17.00
Downtown Service District	1.00	1.00	1.00
Vehicle Maintenance	9.00	9.25	9.25
Total FTE's	735.17	743.54	754.24

See individual department Staffing Summaries for further explanation of staffing changes

TAX RATES AND TAX COLLECTIONS

Adopted 2010-11

	2008-09 Actual	2009-10 Budget	2009-10 Estimated	2010-11 Adopted
Assessed Value of Real and Personal Property	\$ 5,835,597,388	\$ 6,956,950,000	\$ 7,040,000,000	\$ 7,110,000,000
Tax Rate Per \$100 Valuation				
General Fund	42.3	36.0	36.0	36.0
Transit Fund	4.8	4.1	4.1	4.1
Debt Service Fund	11.0	9.3	9.3	9.3
Total Tax Rate (cents)	58.1	49.4	49.4	49.4
Tax Levy	33,972,050	34,367,000	34,778,000	35,123,000
Estimated Collections at 99%	\$ 33,778,409	\$ 34,175,000	\$ 34,583,000	\$ 34,771,800
Distribution				
General Fund	24,592,542	24,821,000	25,202,000	25,340,000
Transit Fund	2,790,643	2,810,000	2,870,000	2,886,000
Debt Service Fund	6,395,224	6,440,000	6,510,000	6,546,000
Downtown Service District Fund				
Tax Rate (cents)	9.0	7.1	7.1	7.1
Assessed Value of Real and Personal Property	\$ 212,715,790	\$ 230,000,000	\$ 230,000,000	\$ 230,000,000
Tax Levy	162,696	163,300	163,300	163,300
1¢ of the Tax Rate Equals (to nearest 1,000)	\$ 580,233	\$ 685,000	\$ 696,960	\$ 703,890

ESTIMATED UNDESIGNATED RESERVES ANNUALLY BUDGETED FUNDS

	Approximate Undesignated Net Assets July 1, 2010	2010-11 Budgeted Revenues	2010-11 Budgeted Expenditures	Approximate Undesignated Net Assets June 30, 2011
GENERAL FUND	\$ 12,166,000	\$ 47,539,770	\$ 52,604,000	\$ 7,101,770
SPECIAL REVENUE FUNDS				
Downtown Service District	-	163,300	163,300	-
Housing Loan Trust	960	300	1,260	-
Library Gift	291,861	76,000	76,000	291,861
Grants Fund	-	876,744	876,744	-
DEBT SERVICE FUND	1,671,175	6,549,000	5,126,089	3,094,086
CAPITAL IMPROVEMENT FUNDS				
Capital Improvements	321,320	1,237,800	1,237,800	321,320
Capital Reserve	213,630	-	-	213,630
ENTERPRISE FUNDS				
Transportation	4,895,854	16,548,484	17,436,483	4,007,855
Transportation Capital Reserve	1,134,586	-	175,000	959,586
Public Housing	1,677,220	1,673,740	1,673,740	1,677,220
On-Street Parking	-	596,000	596,000	-
Off-Street Parking	109,452	1,317,330	1,426,782	-
Stormwater Management	923,817	1,705,000	2,068,519	560,298
INTERNAL SERVICE FUNDS				
Vehicle Replacement	-	3,350,000	3,350,000	-
Vehicle Maintenance	55,650	1,145,805	1,148,531	52,924
Computer Replacement	341,977	150,000	250,000	241,977
TOTAL	\$ 23,803,502	\$ 82,929,273	\$ 88,210,248	\$ 18,522,527

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 2010-11 is anticipated to be about 13.5% of budgeted expenditures.

GOVERNMENTAL FUNDS

SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES

2009-10

	General Fund			Special Revenue Funds		
	08-09 Actual	09-10 Estimated	10-11 Adopted	08-09 Actual	09-10 Estimated	10-11 Adopted
Net Unreserved Assets, Beginning of Year	10,293,165	11,690,555	12,165,770	661,504	460,209	292,821
Financial Source						
Property Taxes	24,648,014	25,355,051	25,485,000	160,921	163,300	163,300
Other Tax and Licenses	1,004,557	720,000	783,000	-	-	-
State-Shared Revenues	15,578,404	15,156,533	15,323,180	-	-	-
Interest on Investments	115,924	60,000	60,000	4,873	794	300
Other Revenues	479,903	363,470	306,000	85,485	223,169	76,000
Grants	494,438	391,058	423,468	653,759	842,975	310,318
Charges for Services	2,213,918	1,704,902	1,918,864	25,973	67,000	-
Licenses/Permits/Fines	2,386,477	1,966,216	1,888,900	-	-	-
Transfers/Other Sources	1,423,803	1,429,577	1,351,358	212,055	413,646	566,426
Appropriated Net Assets (Fund Balance)	-	-	5,064,230	-	-	960
Total Estimated Financial Sources	48,345,438	47,146,807	52,604,000	1,143,066	1,710,884	1,117,304
Expenditures						
Personnel	31,802,319	33,227,345	35,891,230	847,629	998,083	891,141
Operations	13,720,686	16,110,318	15,445,970	475,538	705,690	226,163
Capital	1,425,043	578,825	1,266,800	21,194	174,499	-
Total Budget	46,948,048	49,916,488	52,604,000	1,344,361	1,878,272	1,117,304
Financial Sources less Budget	1,397,390	(2,769,681)	-	(201,295)	(167,388)	-
(Inc)/Dec in Reserved Fund Balance	-	3,244,896	-	-	-	-
Net Unreserved Assets, End of Year	11,690,555	12,165,770	7,101,540	460,209	292,821	291,861

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

Debt Service Fund			Capital Funds		
08-09 Actual	09-10 Estimated	10-11 Adopted	08-09 Actual	09-10 Estimated	10-11 Adopted
647,527	1,043,175	1,671,175	1,658,115	1,558,126	534,950
6,353,984	6,510,000	6,546,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,248	3,000	3,000	17,589	4,587	-
-	-	-	65,442	-	-
-	-	-	61,393	37,600	-
-	-	-	76,195	59,000	65,000
-	-	-	-	-	-
-	4,490,000	-	1,140,000	435,000	1,172,800
-	-	-	-	-	-
6,365,232	11,003,000	6,549,000	1,360,619	536,187	1,237,800
-	-	-	-	-	-
5,969,584	10,375,000	5,126,089	-	-	-
-	-	-	1,460,608	1,559,363	1,237,800
5,969,584	10,375,000	5,126,089	1,460,608	1,559,363	1,237,800
395,648	628,000	1,422,911	(99,989)	(1,023,176)	-
-	-	-	-	-	-
1,043,175	1,671,175	3,094,086	1,558,126	534,950	534,950

ENTERPRISE FUNDS

SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES

2008-09

	Parking Funds			Transportation Funds		
	08-09 Actual	09-10 Estimated	10-11 Adopted	08-09 Actual	09-10 Estimated	10-11 Adopted
Net Unreserved Assets, Beginning of Year	-	254,025	109,452	4,031,838	4,795,657	6,030,440
Financial Source						
Property Taxes	-	-	-	2,801,351	2,880,848	2,886,000
Other Tax and Licenses	-	-	-	145,273	408,878	415,000
State-Shared Revenues	-	-	-	3,319,737	3,570,322	3,319,737
Interest on Investments	21,116	48,000	54,500	22,025	11,258	10,000
Other Revenues	6,624	7,100	6,750	69,994	61,379	14,705
Grants	-	-	-	9,595,850	10,133,075	9,187,993
Charges for Services	2,037,375	1,930,436	1,852,080	570,139	692,626	715,049
Licenses/Permits/Fines	-	-	-	-	-	-
Transfers/Other Sources	-	-	-	-	-	-
Appropriated Net Assets (Fund Balance)	-	(125,292)	-	-	-	1,062,999
Total Estimated Financial Sources	2,065,115	1,860,244	1,913,330	16,524,369	17,758,386	17,611,483
Expenditures						
Personnel	785,989	705,149	770,901	10,516,458	10,886,122	11,587,137
Operations	1,018,801	1,299,668	1,082,881	4,600,925	5,062,481	5,849,346
Capital	6,300	-	169,000	643,167	575,000	175,000
Total Budget	1,811,090	2,004,817	2,022,782	15,760,550	16,523,603	17,611,483
Financial Sources less Budget	254,025	(144,573)	(109,452)	763,819	1,234,783	-
	-	-	-	-	-	-
Net Unreserved Assets, End of Year	254,025	109,452	-	4,795,657	6,030,440	4,967,441

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

Stormwater Management Fund			Housing Fund		
08-09 Actual	09-10 Estimated	10-11 Adopted	08-09 Actual	09-10 Estimated	10-11 Adopted
1,658,743	1,669,553	923,817	1,902,457	1,422,978	1,677,220
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,969	5,000	5,000	10,257	5,100	3,800
4,500			325	987	400
15,295	-	-	1,371,614	1,413,158	1,287,040
1,735,619	1,695,044	1,695,000	415,243	379,414	382,500
-	-	-	-	-	-
5,251	4,500	5,000	-	-	-
-	-	363,519	-	-	-
1,773,634	1,704,544	2,068,519	1,797,439	1,798,659	1,673,740
945,907	960,833	1,078,516	1,012,967	903,656	914,314
816,917	889,447	815,003	1,263,951	640,761	719,197
-	600,000	175,000	-	-	-
1,762,824	2,450,280	2,068,519	2,276,918	1,544,417	1,633,511
10,810	(745,736)	-	(479,479)	254,242	40,229
-	-	-	-	-	-
1,669,553	923,817	560,298	1,422,978	1,677,220	1,677,220

INTERNAL SERVICE FUNDS

SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES

2008-09

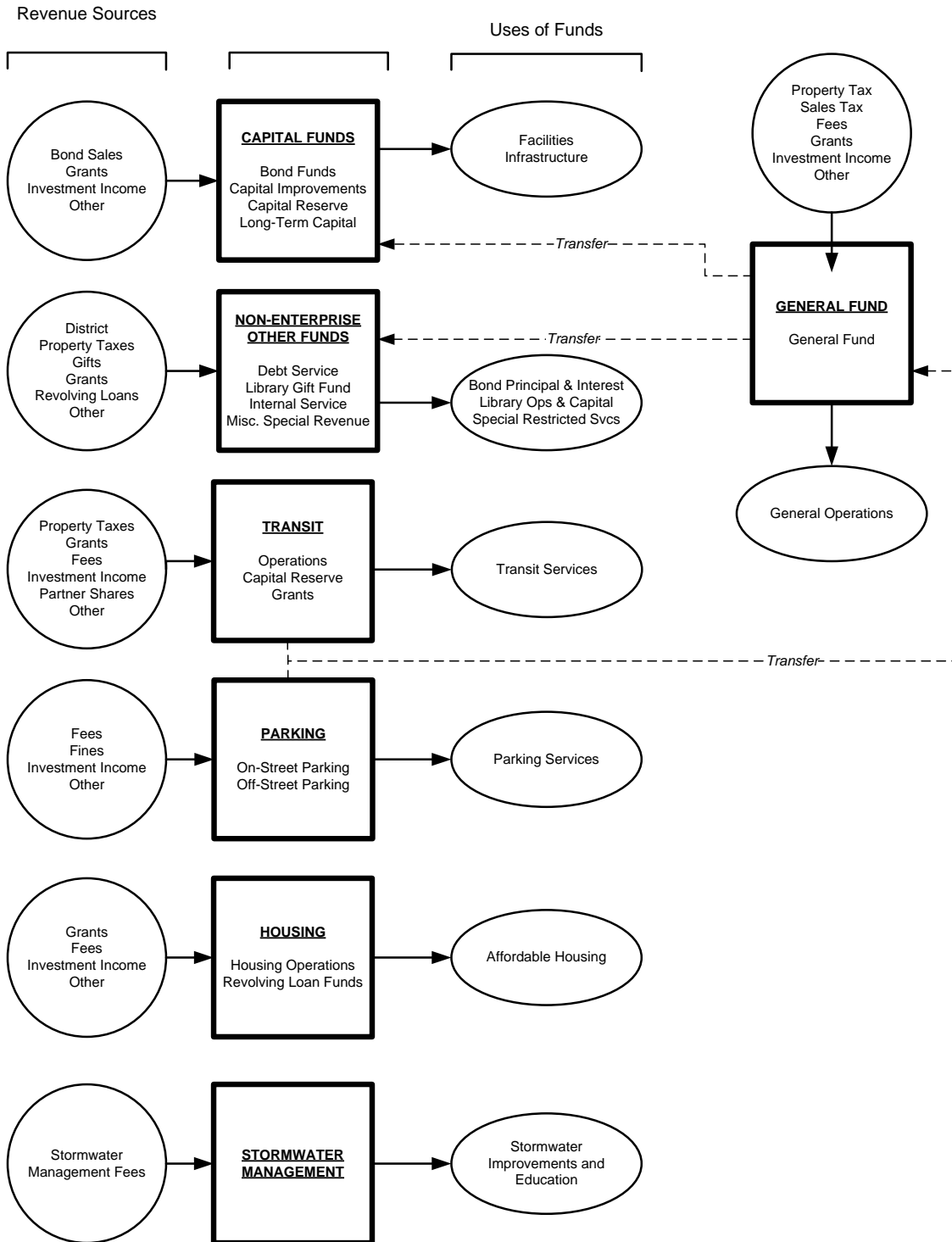
	Internal Service		
	08-09	09-10	10-11
	Actual	Estimated	Adopted
Net Unreserved Assets, Beginning of Year	1,355,154	471,596	397,627
Financial Source			
Property Taxes	-	-	-
Other Tax and Licenses	-	-	-
State-Shared Revenues	-	-	-
Interest on Investments	16,430	4,250	-
Other Revenues	173,634	46,521	120,000
Grants	-	-	-
Charges for Services	2,758,315	2,897,880	2,925,805
Licenses/Permits/Fines	-	-	-
Transfers/Other Sources	162,668	1,466,646	1,600,000
Appropriated Net Assets (Fund Balance)	-	-	102,726
Total Estimated Financial Sources	3,111,047	4,415,297	4,748,531
Expenditures			
Personnel	572,168	627,371	654,181
Operations	1,926,802	2,257,895	2,494,350
Capital	1,495,635	1,604,000	1,600,000
Total Budget	3,994,605	4,489,266	4,748,531
Financial Sources less Budget	(883,558)	(73,969)	-
	-	-	-
Net Unreserved Assets, End of Year	471,596	397,627	294,901

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

Annual Funds - Combined Totals

08-09 Actual	09-10 Estimated	10-11 Adopted
22,208,503	23,365,874	23,803,272
33,964,270	34,909,199	35,080,300
1,149,830	1,128,878	1,198,000
18,898,141	18,726,855	18,642,917
232,431	141,989	136,600
885,907	702,626	523,855
12,192,349	12,817,866	11,208,819
9,832,777	9,426,302	9,554,298
2,386,477	1,966,216	1,888,900
2,943,777	8,239,369	4,695,584
-	(125,292)	6,594,434
82,485,959	87,934,008	89,523,707
46,483,437	48,308,559	51,787,420
29,793,204	37,341,260	31,758,999
5,051,947	5,091,687	4,623,600
81,328,588	90,741,506	88,170,019
1,157,371	(2,807,498)	1,353,688
-	-	-
23,365,874	20,558,376	25,156,960

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
- 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

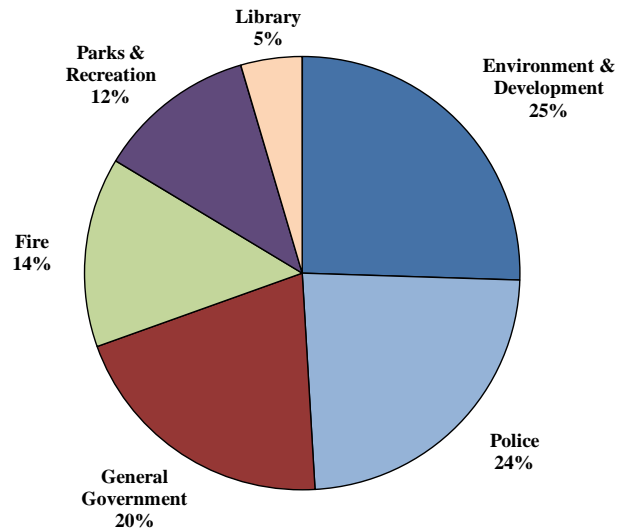
- Vehicle Maintenance Fund
- Vehicle Replacement Fund
- Computer Replacement Fund

INTERFUND TRANSFERS						
Adopted 2010-11						
Transfers to:	General Fund	Transit	Parking	Transit Capital Reserve	Library Gift Fund	Net Transfers
General Fund	\$ -	\$ -	\$ 86,222	\$ -	\$ 45,000	\$ 131,222
Transit Capital Grants	-	23,006	-	175,000	-	198,006
Stormwater Management Fund	5,000	-	-	-	-	5,000
Capital Projects Fund 440	217,000	-	-	-	-	217,000
CIP Fund	1,172,800	-	-	-	-	1,172,800
Grants Fund	554,423	-	-	-	-	554,423
Net Transfers	\$ 1,949,223	\$ 23,006	\$ 86,222	\$ 175,000	\$ 45,000	\$ 2,278,451

GENERAL FUND

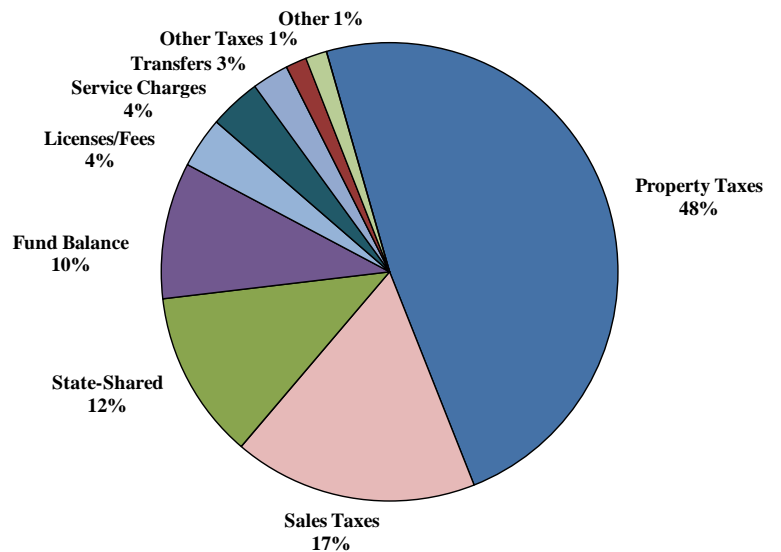
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$52,604,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Government	\$ 8,655,045	\$ 8,826,125	\$ 10,871,888	\$ 9,704,204	\$ 11,300,504	28.0%
Environment & Development	12,960,575	13,357,480	13,987,229	13,373,939	13,351,009	0.0%
Public Safety	17,994,313	19,434,467	19,517,267	18,645,792	19,352,451	-0.4%
Leisure	7,338,115	8,197,928	8,441,986	8,192,553	8,600,036	4.9%
Total	\$ 46,948,048	\$ 49,816,000	\$ 52,818,370	\$ 49,916,488	\$ 52,604,000	5.6%

REVENUES

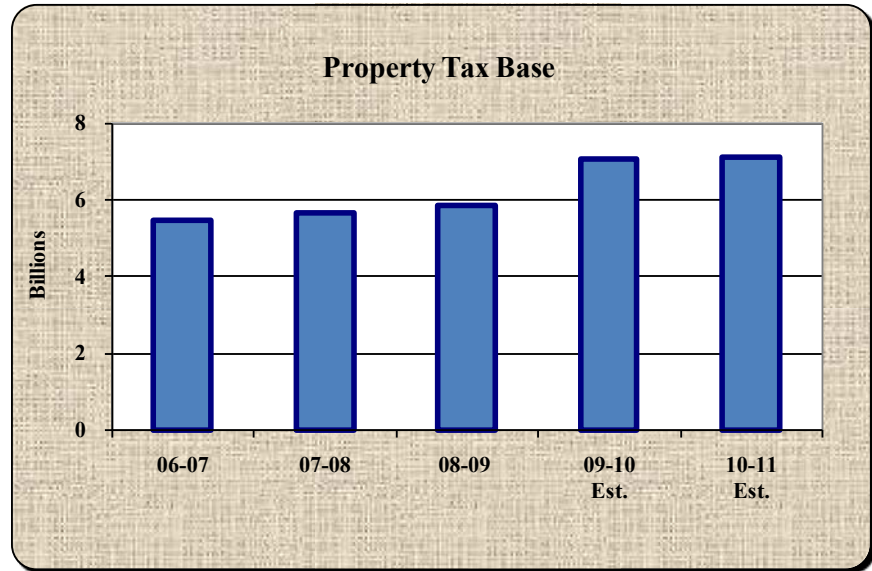
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues:						
Property Taxes	\$ 24,648,014	\$ 24,971,000	\$ 24,971,000	\$ 25,355,051	\$ 25,485,000	2.1%
Sales Taxes	9,033,512	8,660,730	8,660,730	8,920,790	9,055,000	4.6%
Other Tax and Licenses	1,004,557	989,500	989,500	720,000	783,000	-20.9%
State-Shared Revenues	6,544,892	6,196,000	6,196,000	6,235,743	6,268,180	1.2%
Interest on Investments	115,924	100,000	100,000	60,000	60,000	-40.0%
Other Revenues	479,903	412,450	455,979	363,470	306,000	-25.8%
Grants	494,438	371,600	375,100	391,058	423,468	14.0%
Charges for Services	2,213,918	1,735,797	1,735,797	1,704,902	1,918,864	10.5%
Licenses/Permits/Fines	2,386,477	1,812,100	2,018,431	1,966,216	1,888,900	4.2%
Transfers/Other Sources	1,423,803	1,432,450	1,551,665	1,429,577	1,351,358	-5.7%
Appropriated Fund Balance	(1,397,390)	3,134,373	5,764,168	2,769,681	5,064,230	61.6%
Total	\$ 46,948,048	\$ 49,816,000	\$ 52,818,370	\$ 49,916,488	\$ 52,604,000	5.6%

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Property Tax

The largest component of the property tax is the levy on real property. The property tax consists of three components – General Fund, Debt Service Fund and Transit Fund. We have based our estimate on historic trends and current information from Orange and Durham Counties for the overall tax base. The tax base for 2010-11 is estimated to be about \$7,110,000,000 with 1 cent on the tax rate equivalent to about \$700,000.



The combined property tax revenue we anticipate for 2010-11 totals about \$34.7 million, with \$25.3 million of that supporting the General Fund.

Other Local Taxes

- Cable franchise revenues represent a tax on local Time Warner gross receipts. Effective January 1, 2007, the Department of Revenue changed the distribution calculation for cable franchise revenues, and the majority of the funds we previously received in this revenue line are now allocated in the utility franchise tax.
- Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$650,000 in the current year and about \$750,000 in 2010-11. Revenue trends are affected by University events and general economic conditions.

GENERAL FUND

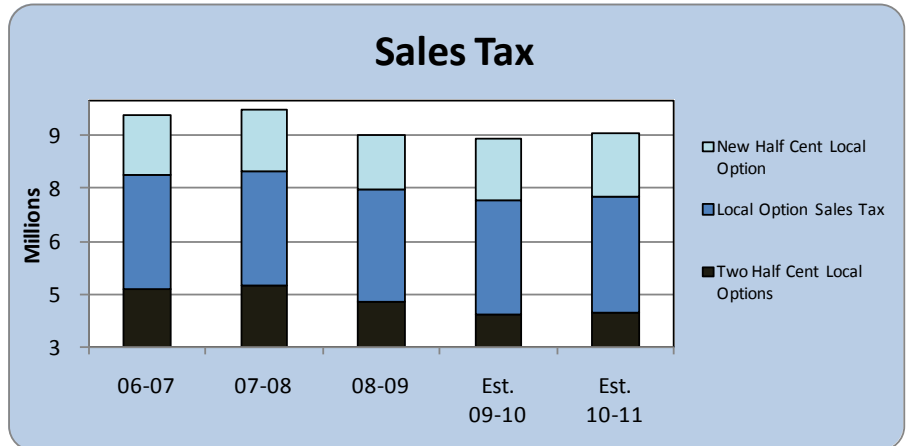
Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

In spite of the economic downturn, sales tax revenue is expected to come in about \$260,000 over budget in 2009-10. This can be attributed to uncertainties that we faced with budget preparation for FY10. Based on this slight upswing and information

from the North Carolina League of Municipalities, we are estimating an overall growth rate of 1.5% in sales taxes for FY11. We estimate combined sales taxes of about \$9,055,000 for 2010-11. Orange County has the option to the allocation method for sales taxes from per capita to ad valorem, which would result in about \$2.5 million in reduced sales tax receipts for the Town.



Motor Fuel Taxes (known as Powell Bill funds)

Motor fuel tax revenue is based on receipts of 1¾ cents of the State gasoline tax allocated to local governments, based on population and local street mileage in each jurisdiction. This revenue is anticipated to total \$1,337,750 in 2009-10, about the same as prior year. For 2010-11, we anticipate revenues will increase slightly to about \$1,350,000.

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 2010-11.

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 exceed the current year's budget for a total of about \$3.5 million in 2009-10, and will grow to about \$3.6 million in 2010-11.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Solid Waste Disposal Tax

The Solid Waste Disposal Tax went into effect on July 1, 2008. This \$2 per-ton tax is charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities and towns on a per capita basis. We anticipate receiving around \$20,000 for the current year and next year.

Beer and Wine Taxes

Due to budget constraints at the state level, Beer & Wine Taxes have been withheld to help balance the state budget. Therefore, we estimate allocations from this source to fall well short of the \$246,000 budgeted amount to \$81,180 for the current year and next year.

In summary, we estimate State-collected revenues would total about \$15,323,000 for next year.

Other Revenue Sources

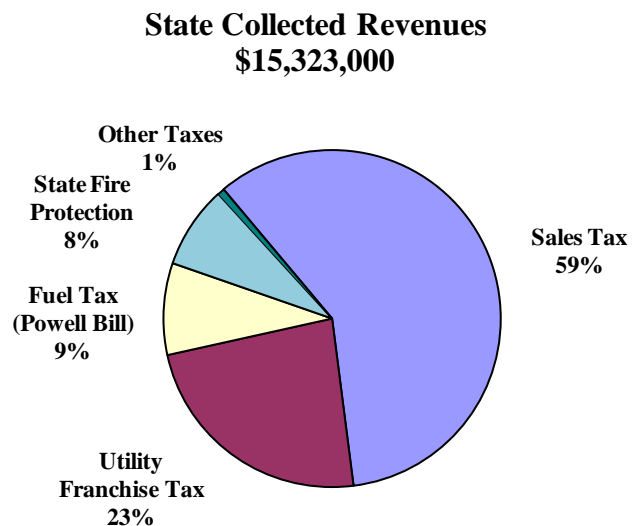
Grants

This category of revenue includes certain recurring local and State grants totaling about \$423,000 for 2010-11. 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, although the Town and County are in discussion over the level of funding for library operations. The adopted budget for 2010-11 includes level funding from the County 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.

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 \$30,000, but are expected to increase from \$1,705,000 to about \$1,919,000 in 2010-11. 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 decline from the current year's anticipated receipts. This decline is due to a reduction in revenues received from traffic impact studies. Total licenses and permits are expected to be about \$2.0 million in 2009-10 and \$1.9 million in 2010-11.

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 \$40,000 in the current year and to generate only about \$60,000 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 \$363,000 for 2009-10 and \$306,000 for 2010-11.

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 2010-11, these include estimates of \$86,000 from Parking Enterprise Funds, \$102,000 from the Stormwater Management Fund, and \$1 million from the Transit Enterprise Fund. These transfers include a contribution of \$45,000 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 \$5.55 million of fund balance in 2009-10, but through cost-cutting measures, will use only about \$2.77 million. The annual budget includes the use of \$5.06 million in 2010-11 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes General Fund revenues, including the use of \$5.06 million of fund balance, of about \$52.6 million.

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

	09-10 Revised Budget	09-10 Estimated	10-11 Adopted Budget
Property Taxes	\$ 24,971,000	\$ 25,355,051	\$ 25,485,000
Sales Taxes	8,660,730	8,920,790	9,055,000
Other State-Collected	6,196,000	6,235,743	6,268,180
Other Revenues	1,880,550	1,534,528	1,572,468
Licenses/Permits	2,018,431	1,966,216	1,888,900
Service Charges	1,735,797	1,704,902	1,918,864
Interfund Transfers	1,551,665	1,429,577	1,351,358
Fund Balance	5,554,500	2,769,681	5,064,230
Total	\$ 52,568,673	\$ 49,916,488	\$ 52,604,000

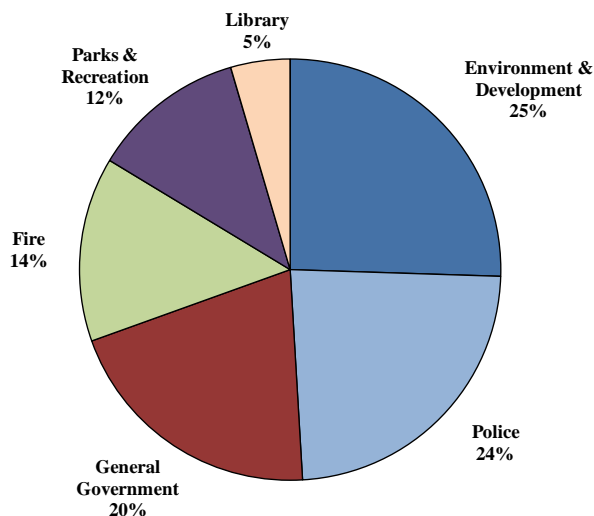
GENERAL FUND

Major Expenditures - Descriptions and Estimates

The General Fund provides basic services for Town citizens including police and fire protection, environment and development services (including planning, public works, engineering, and inspections), general administration and planning for growth and development in the community.

The pie chart below shows the relative proportions of expenditures for the various functions and departments in the General Fund budget totaling \$52,604,000 for the 2010-11 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$12.4 million and Fire Department expenditures of about \$7.0 million.



Environment and Development is the second largest category in the General Fund at about \$13.4 million, including Planning and Public Works which provides services of planning for growth, engineering, inspections, solid waste collection, maintenance of streets, inspections, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 60% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$6.2 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 \$11.2 million.

Non-departmental expenditures total \$4.8 million. Non-departmental expenditures include transfers for capital improvements of \$1,172,800 and a transfer to the Multi-year Capital Fund to support the Development Review Project. The non-departmental budget includes \$490,000 in matching funds for a federal Fire grant. \$799,700 is included in the annual budget for distribution to other agencies in support of human services, cultural and arts programs, economic development and development of affordable housing as adopted by the Council. The budget for liability and property insurance totals \$450,000. 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

GENERAL FUND

Major Expenditures - Descriptions and Estimates

the Debt Service Fund, but in 2008-09, a portion of the property tax was allocated to debt service instead.

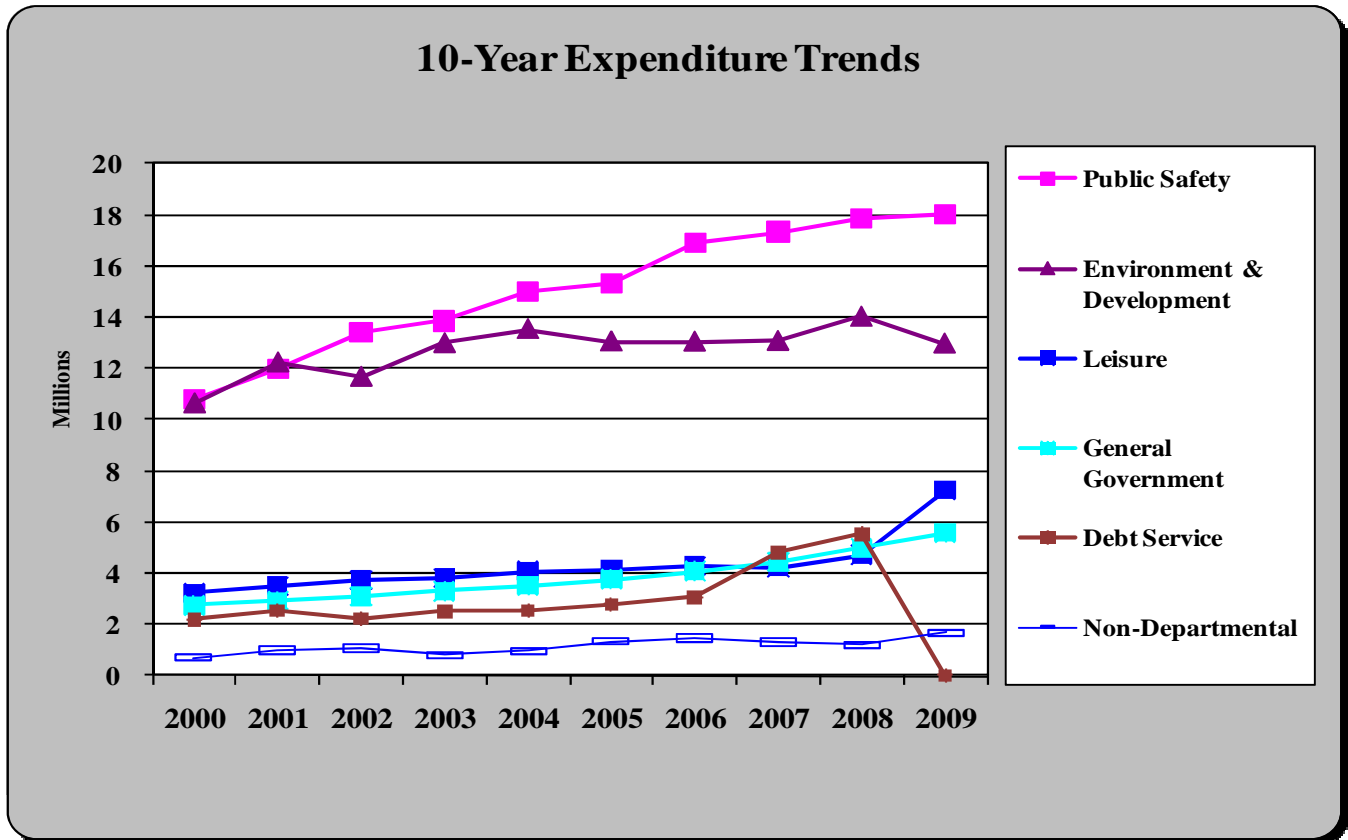
Significant changes in the 2010-11 budget include a 13.9% increase in group medical insurance for General Fund employees and retirees. The budget also includes an increase to the employer contribution to the state retirement system from 5% to 6.35%, or \$368,000, for General Fund employees. The budget also includes a reserve for employee pay adjustments of \$453,200. Additional expenses in the budget include funding for the on-site wellness center (\$338,500), Assistant Director position in Parks & Recreation (\$100,021), development of a Parks & Recreation Master Plan (\$140,000), Legal Advisor position in the Police Department (\$95,906), and continued funding for the Development Review project (\$217,000).

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

EXPENDITURES						
	2008-09	2009-10	2009-10		2010-11	% Change
	Actual	Original	Revised	2009-10	Adopted	from
		Budget	Budget	Estimated	Budget	2009-10
Personnel	31,802,319	34,745,941	34,676,617	33,227,345	35,891,230	3.3%
Operating Costs	13,720,686	14,673,059	17,442,881	16,110,318	15,445,970	5.3%
Capital Outlay	1,425,043	397,000	698,872	578,825	1,266,800	219.1%
Total	46,948,048	49,816,000	52,818,370	49,916,488	52,604,000	5.6%

GENERAL FUND

Major Expenditures - Descriptions and Estimates



GENERAL FUND
EXPENDITURES BY DEPARTMENT

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Government						
Mayor/Council	\$ 365,252	\$ 529,378	\$ 585,898	\$ 486,958	\$ 419,041	-20.8%
Manager/CaPA	1,672,073	1,666,042	1,790,162	1,666,392	1,689,074	1.4%
Human Resource Dev't	728,373	877,714	970,643	891,806	1,308,397	49.1%
Business Management	2,448,075	2,594,376	2,928,388	2,756,829	2,735,241	5.4%
Town Attorney	268,345	294,130	295,125	286,622	293,945	-0.1%
Non-Departmental	3,172,927	2,864,485	4,301,672	3,615,597	4,854,806	69.5%
Subtotal	8,655,045	8,826,125	10,871,888	9,704,204	11,300,504	28.0%
Environment & Development						
Planning	1,169,497	1,310,492	1,376,299	1,322,569	1,244,221	-5.1%
Public Works	11,791,078	12,046,988	12,610,930	12,051,370	12,106,788	0.5%
Subtotal	12,960,575	13,357,480	13,987,229	13,373,939	13,351,009	0.0%
Public Safety						
Police	11,482,833	12,138,197	12,211,737	11,617,781	12,395,970	2.1%
Fire	6,511,480	7,296,270	7,305,530	7,028,011	6,956,481	-4.7%
Subtotal	17,994,313	19,434,467	19,517,267	18,645,792	19,352,451	-0.4%
Leisure						
Parks and Recreation	5,103,787	5,823,996	5,948,859	5,791,830	6,202,801	6.5%
Library	2,234,328	2,373,932	2,493,127	2,400,723	2,397,235	1.0%
Subtotal	7,338,115	8,197,928	8,441,986	8,192,553	8,600,036	4.9%
General Fund Total	\$ 46,948,048	\$ 49,816,000	\$ 52,818,370	\$ 49,916,488	\$ 52,604,000	5.6%

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

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Mayor/Council	\$ 365,252	\$ 529,378	\$ 585,898	\$ 486,958	\$ 419,041	-20.8%
Town Manager/CaPA	1,672,073	1,666,042	1,790,162	1,666,392	1,689,074	1.4%
Human Resources	728,373	877,714	970,643	891,806	1,308,397	49.1%
Business Management	2,448,075	2,594,376	2,928,388	2,756,829	2,735,241	5.4%
Town Attorney	268,345	294,130	295,125	286,622	293,945	-0.1%
Non-Departmental	3,172,927	2,864,485	4,301,672	3,615,597	4,854,806	69.5%
Total	\$ 8,655,045	\$ 8,826,125	\$ 10,871,888	\$ 9,704,204	\$ 11,300,504	28.0%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 8,655,045	\$ 8,826,125	\$ 10,871,888	\$ 9,704,204	\$ 11,300,504	28.0%
Total	\$ 8,655,045	\$ 8,826,125	\$ 10,871,888	\$ 9,704,204	\$ 11,300,504	28.0%

MAYOR/COUNCIL

MISSION STATEMENT:

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

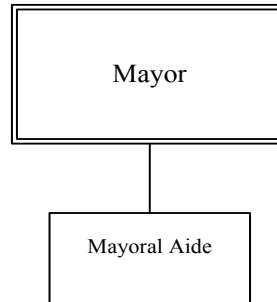
The Mayor and eight Council Members constitute the governing body of the Town. In accordance with the Town's Charter, the voters elect a Mayor every two years. Council Members are elected to four-year, staggered terms on an at-large basis. The Mayor chairs Town Council meetings and represents the Town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

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

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

MAYOR
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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 no overall change from the prior year in keeping with the strategy for addressing next year's budget in the current economic climate. The changes in personnel costs include a 13.9% increase in medical insurance rates, an increase to the retirement contribution, and turnover of the Mayoral Aide position. These changes result in a net overall decrease of 0.7% from the previous fiscal year. The slight increase in the operating is due to increased travel and meeting expenses.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 97,970	\$ 99,571	\$ 107,130	\$ 105,361	\$ 97,642	-1.9%
Operating Costs	18,129	19,222	23,544	21,884	20,290	5.6%
Total	\$ 116,099	\$ 118,793	\$ 130,674	\$ 127,245	\$ 117,932	-0.7%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 116,099	\$ 118,793	\$ 130,674	\$ 127,245	\$ 117,932	-0.7%
Total	\$ 116,099	\$ 118,793	\$ 130,674	\$ 127,245	\$ 117,932	-0.7%

COUNCIL

BUDGET SUMMARY

The adopted budget for the Town Council reflects a decrease of 26.7% from the 2009-10 budget, primarily for election-related items. The operating decrease is directly related to removing election related expenses from the upcoming year's budget, which included \$50,000 for voter owned elections and direct election costs. The decrease in personnel costs can be attributed to the change in Council member's medical coverage and a reduction in temporary salaries of \$2,000.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 148,317	\$ 178,887	\$ 179,017	\$ 152,272	\$ 168,768	-5.7%
Operating Costs	100,836	231,698	276,207	207,441	132,341	-42.9%
Total	\$ 249,153	\$ 410,585	\$ 455,224	\$ 359,713	\$ 301,109	-26.7%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 249,153	\$ 410,585	\$ 455,224	\$ 359,713	\$ 301,109	-26.7%
Total	\$ 249,153	\$ 410,585	\$ 455,224	\$ 359,713	\$ 301,109	-26.7%

TOWN MANAGER

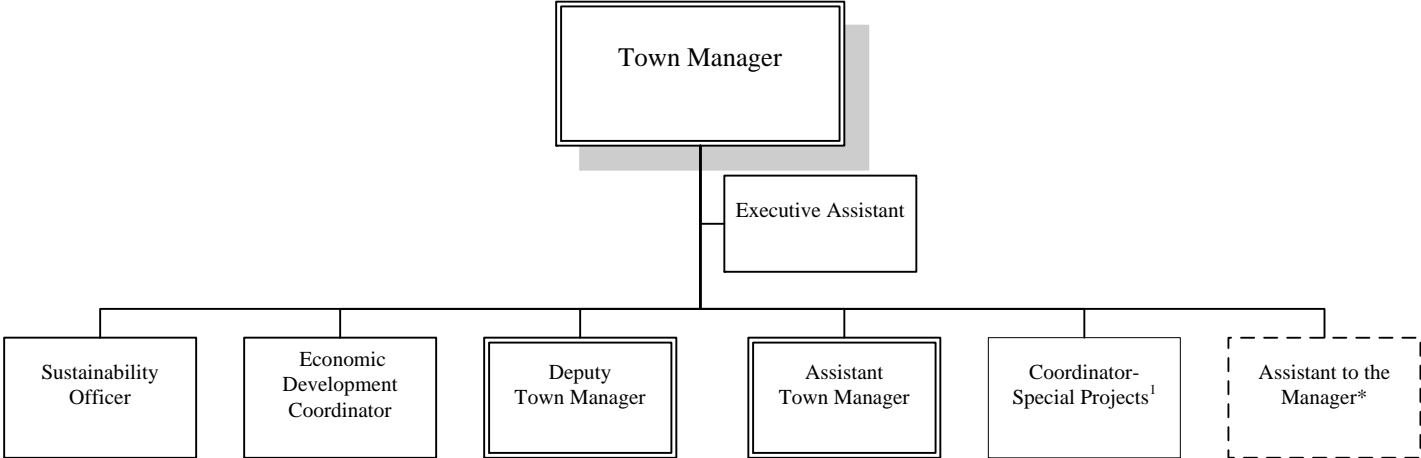
MISSION STATEMENT:

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



¹ Position is funded through the Planning Department's budget

* Unfunded Position

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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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
Sustainability Officer	0.00	1.00	1.00
Coordinator - Special Projects ¹	0.00	1.00	1.00
Assistant to the Manager*	0.00	1.00	1.00
Administrative Assistant	0.80	0.00	0.00
Secretary/Receptionist	1.00	0.00	0.00
Public Arts Administrator	1.00	0.00	0.00
Public Art Coordinator	1.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
Town Manager's Office Totals	8.80	8.00	8.00

¹ Position is funded in the Planning Department's budget

*Unfunded position

TOWN MANAGER

BUDGET SUMMARY

Personnel changes include a 13.9% increase to medical insurance, increase to the retirement contribution, reserve for pay adjustments and the move of retiree medical to non-departmental, resulting in a 0.2% increase or \$1,835. The operating increase of 3.9% includes increases to travel and training as well as printing costs for Economic Development and Sustainability.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 875,149	\$ 794,974	\$ 809,369	\$ 795,406	\$ 796,809	0.2%
Operating Costs	128,845	152,610	193,336	152,068	158,625	3.9%
Total	\$ 1,003,994	\$ 947,584	\$ 1,002,705	\$ 947,474	\$ 955,434	0.8%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 1,003,994	\$ 947,584	\$ 1,002,705	\$ 947,474	\$ 955,434	0.8%
Total	\$ 1,003,994	\$ 947,584	\$ 1,002,705	\$ 947,474	\$ 955,434	0.8%

COMMUNICATIONS & PUBLIC AFFAIRS

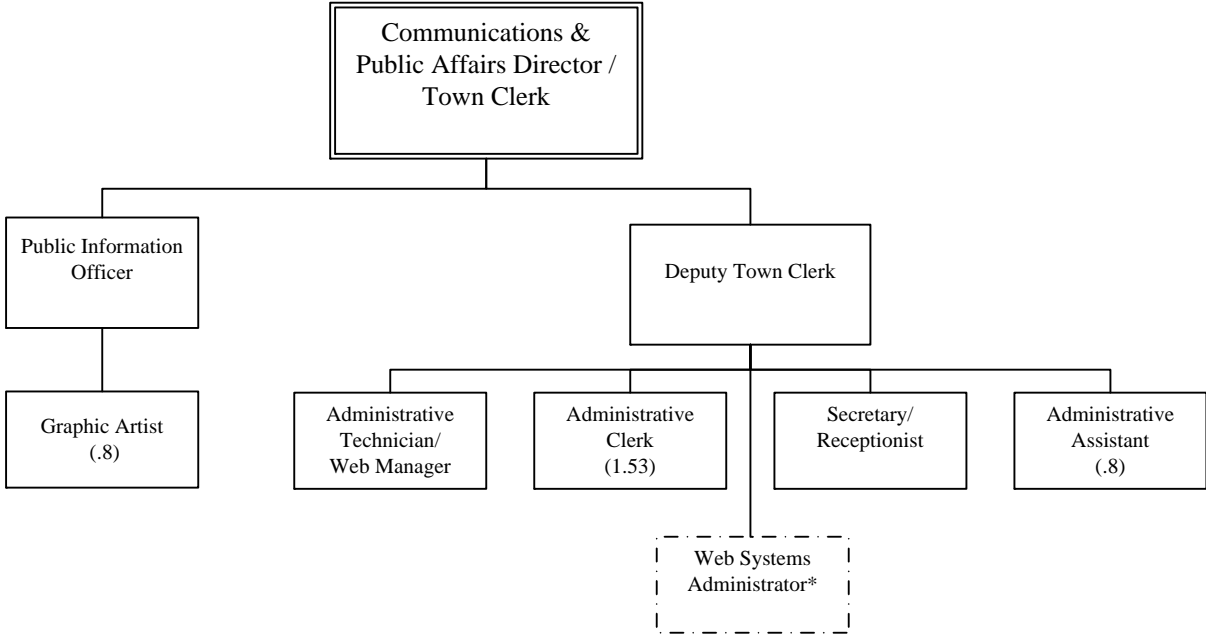
MISSION STATEMENT:

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 and social media.
- 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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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	0.00	0.80	0.80
Secretary/Receptionist	0.00	1.00	1.00
Web System Administrator*	1.00	1.00	0.00
Graphic Artist	1.00	0.80	0.80
Media Specialist*	0.00	0.00	1.00
 CAPA Office Totals	 7.53	 9.13	 9.13

*Unfunded position.

**COMMUNICATIONS & PUBLIC AFFAIRS/ TOWN CLERK
BUDGET SUMMARY**

The net result of the personnel changes (that include a 13.9% increase to medical insurance, increase to the retirement contribution, reserve for pay adjustments, a mid-year salary adjustment and the move of retiree medical to non-departmental) is a 1.2% increase or \$6,475. The 4.4% increase to the operating budget can be attributed to the consolidation of \$14,500 in advertising funds from several departments into the CaPA budget.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 411,909	\$ 518,434	\$ 532,342	\$ 525,047	\$ 524,909	1.2%
Operating Costs	256,170	200,024	255,115	193,871	208,731	4.4%
Total	\$ 668,079	\$ 718,458	\$ 787,457	\$ 718,918	\$ 733,640	2.1%

REVENUES

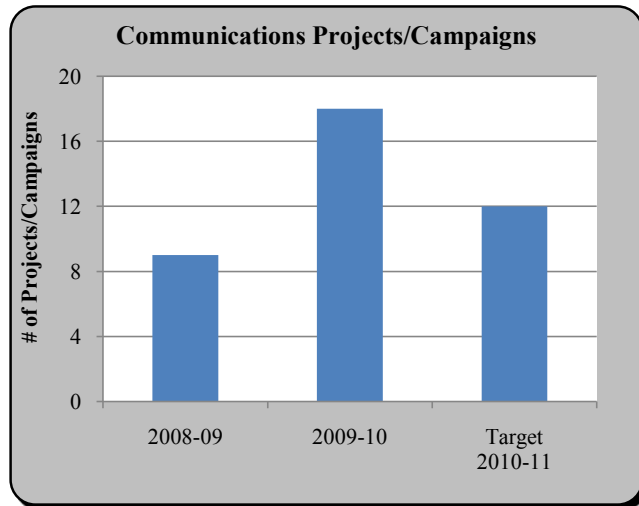
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 668,079	\$ 718,458	\$ 787,457	\$ 718,918	\$ 733,640	2.1%
Total	\$ 668,079	\$ 718,458	\$ 787,457	\$ 718,918	\$ 733,640	2.1%

COMMUNICATIONS & PUBLIC AFFAIRS/TOWN CLERK TRENDS

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

Objective: Produce at least 12 Communications Projects/Campaigns annually to enhance public knowledge and involvement with the Council's goals and initiatives.

Departmental Goal: Provide public awareness campaigns and maintain officials records to promote local government accountability/transparency, participation and collaboration.



OBJECTIVES	PROGRESS/STATUS			
Public Information: Enhance the Town's image and build support for municipal programs; enable residents to take full advantage of Town services; enhance citizens' understanding of issues facing the Town.	Increased number of news releases, advertisements, brochures, and numerous special projects to provide information to the public.			
PUBLIC INFORMATION GOAL	Actual 08-09	Actual 09-10	Target for 10-11	Change from Prior Year
Number of news releases	249	440	450	43%
Number of advertisements	57	67	70	15%
Number of publications/brochures/directories	30	61	65	49%
Number of communications projects/campaigns	9	18	12	55%

OBJECTIVES	PROGRESS/STATUS			
Public Participation: Help policy makers and constituents cooperatively formulate and achieve common goals; reinforce a sense of openness, which encourages participation in local government	Held campaign for boards and commissions volunteers; developing process for response to petitions; developing process to make Council emails available to public; soliciting more Facebook fans and Twitter followers			
PUBLIC PARTICIPATION GOAL	Actual 08-09	Actual 09-10	Target for 10-11	Change from Prior Year
Number of applicants to boards/commissions		109	110	

OBJECTIVES	PROGRESS/STATUS			
Internal Communications: Increase employee knowledge about overall Town government; increase employee effectiveness at presenting and communicating	Continued production of newsletter (available online); quarterly web steward training; developing training for PowerPoint presentations; developing employee survey			
INTERNAL COMMUNICATIONS GOAL	Actual 08-09	Actual 09-10	Target for 10-11	Change from Prior Year
Number of employee newsletters	12	11	11	-9%

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

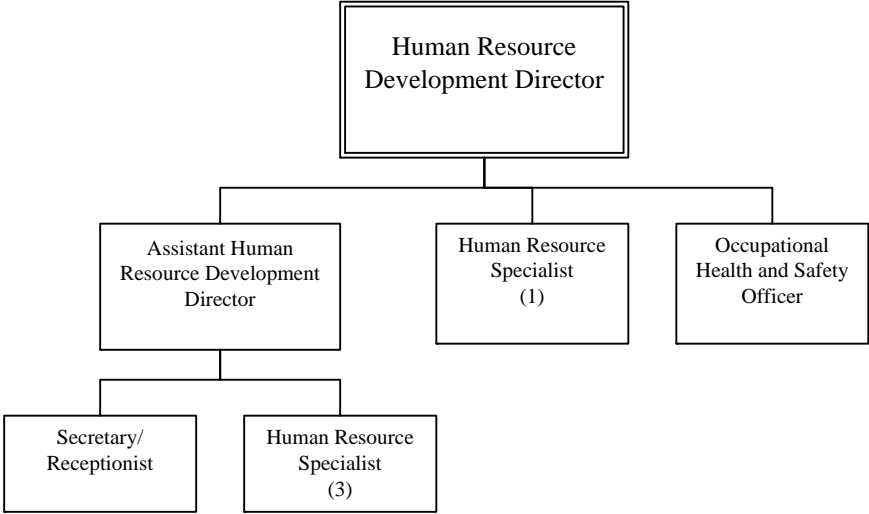
MISSION STATEMENT:

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

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 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***

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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 net result of the personnel changes (that include a 13.9% increase to medical insurance, increase to the retirement contribution, reserve for pay adjustments and the move of retiree medical to non-departmental) is a 1.2% decrease or \$7,719. The 163.5% increase to the operating budget can be attributed to the consolidation of the Hill, Chesson, and Woody contract (\$115,457) from all town departments into the HRD budget and the addition of \$338,100 for costs associated with the UNC Health System initiative.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 573,147	\$ 624,054	\$ 641,705	\$ 596,567	\$ 639,995	2.6%
Operating Costs	155,226	253,660	328,938	295,239	668,402	163.5%
Total	\$ 728,373	\$ 877,714	\$ 970,643	\$ 891,806	\$ 1,308,397	49.1%

REVENUES

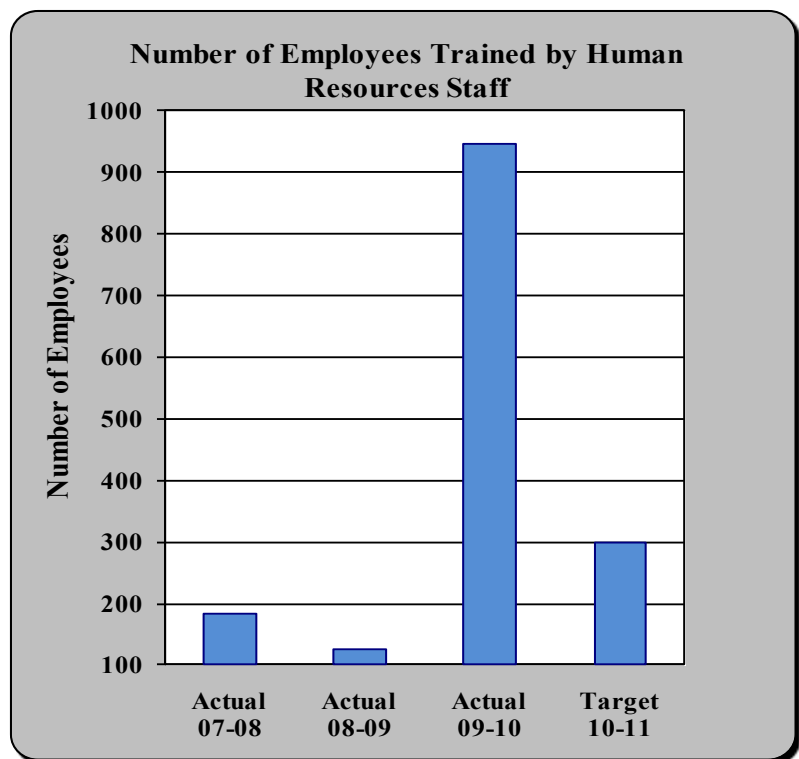
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 728,373	\$ 877,714	\$ 970,643	\$ 891,806	\$ 1,308,397	49.1%
Total	\$ 728,373	\$ 877,714	\$ 970,643	\$ 891,806	\$ 1,308,397	49.1%

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 949 employees during fiscal year 2009-10. This represented a substantial training initiative to offer programs which were conducted by HRD staff or by others and overseen by HRD staff. This and other program efforts are aimed at reducing the total number of injuries, the lost days due to work-related injuries and ultimately the reduction of costs. The number of lost days for Workers' Compensation claims continue in a downward trend. The next goal will be to focus the safety training for supervisors.



Additional Details	Actual 07-08	Actual 08-09	Actual 09-10	Target 10-11
# of Lost Days due to Workers' Compensation Claims	370	554	210	150
# of New Workers' Compensation Claims with Lost Time	16	14	9	5
Average Amount Paid Per Injury	\$5,057	\$4,820	\$1,784	\$1,500
Total Claim Costs	\$389,387	\$453,039	\$153,464	\$100,000

BUSINESS MANAGEMENT DEPARTMENT

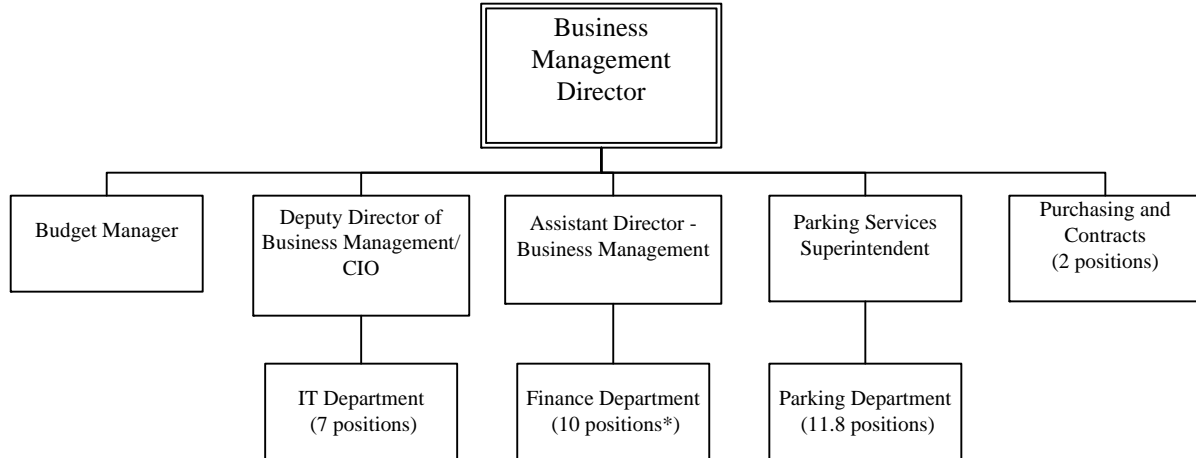
MISSION STATEMENT:

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



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

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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 ADOPTED
<u>Finance</u>			
Director - Business Management	1.00	1.00	1.00
Assistant Director - Business Management	1.00	1.00	1.00
Accounting Manager	1.00	1.00	1.00
Financial Systems Administrator	1.00	1.00	1.00
Budget Manager	1.00	1.00	1.00
Accountant*	2.00	2.00	3.00
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	1.00	1.00	1.00
Purchasing Technician	1.00	1.00	1.00
Division Totals	<u>14.00</u>	<u>14.00</u>	<u>15.00</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	5.00	5.00	5.00
Division Totals	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>
Business Management Totals	<u><u>22.00</u></u>	<u><u>22.00</u></u>	<u><u>23.00</u></u>

* The Housing Budget Officer position was changed to "Accountant" and moved to Finance mid-year FY10.

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

BUSINESS MANAGEMENT

BUDGET SUMMARY

Business Management is comprised of the Finance and Information Technology divisions. See the following division summaries for details.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 1,599,008	\$ 1,850,431	\$ 1,862,923	\$ 1,787,516	\$ 1,885,837	1.9%
Operating Costs	709,552	663,945	891,718	853,813	769,404	15.9%
Capital Outlay	139,515	80,000	173,747	115,500	80,000	0.0%
Total	\$ 2,448,075	\$ 2,594,376	\$ 2,928,388	\$ 2,756,829	\$ 2,735,241	5.4%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 2,448,075	\$ 2,594,376	\$ 2,928,388	\$ 2,756,829	\$ 2,735,241	5.4%
Total	\$ 2,448,075	\$ 2,594,376	\$ 2,928,388	\$ 2,756,829	\$ 2,735,241	5.4%

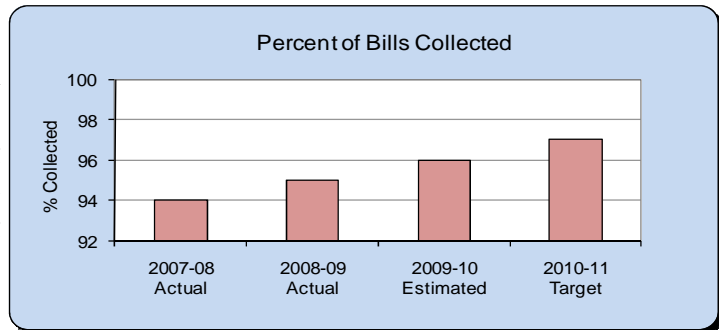
BUSINESS MANAGEMENT TRENDS

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 1% from 2007-08 to 2008-09 due in large part to improvements in billing accuracy. The Town's target is to improve collections by 1% in FY 2010-11 by increasing 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 FY09 Comprehensive Annual Financial Report. Audit services secured for fiscal year ending June 30, 2010 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 refunding bonds were issued in FY10, resulting in interest savings of \$487,000. Secured installment financing for \$1.6 million in replacement vehicles.
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 FY11 budget on June 7th. Work has begun on the budget document for submission to GFOA and for distribution to bond rating agencies.

FINANCE
BUDGET SUMMARY

The 3% increase in personnel costs for the Adopted 2011 budget reflects the transfer of the Housing Budget Officer position to Finance along with the increase of 13.9% for medical insurance and 28% for retirement costs. The operating increase of 33.5% will fund the Town's \$110,000 assistance to the County for the purchase of new tax software. These increases are mitigated by reductions in temporary and overtime salaries.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 949,995	\$ 1,118,372	\$ 1,134,864	\$ 1,081,031	\$ 1,152,138	3.0%
Operating Costs	313,848	312,551	331,789	288,855	417,379	33.5%
Total	\$ 1,263,843	\$ 1,430,923	\$ 1,466,653	\$ 1,369,886	\$ 1,569,517	9.7%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 1,263,843	\$ 1,430,923	\$ 1,466,653	\$ 1,369,886	\$ 1,569,517	9.7%
Total	\$ 1,263,843	\$ 1,430,923	\$ 1,466,653	\$ 1,369,886	\$ 1,569,517	9.7%

INFORMATION TECHNOLOGY BUDGET SUMMARY

The adopted budget for the Information Technology division reflects little overall change from the prior year in keeping with the zero increase target to address the impact of the recession on revenues in FY11. The 13.9% increase in medical insurance rates and the increase to the retirement contribution is mostly offset by reductions in temporary salaries. The slight increase to the operating budget is related to an increase to travel and training. The \$80,000 budgeted for capital purchases will allow for routine replacement of servers and backup equipment.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 649,013	\$ 732,059	\$ 728,059	\$ 706,485	\$ 733,699	0.2%
Operating Costs	395,704	351,394	559,929	564,958	352,025	0.2%
Capital Outlay	139,515	80,000	173,747	115,500	80,000	0.0%
Total	\$ 1,184,232	\$ 1,163,453	\$ 1,461,735	\$ 1,386,943	\$ 1,165,724	0.2%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 1,184,232	\$ 1,163,453	\$ 1,461,735	\$ 1,386,943	\$ 1,165,724	0.2%
Total	\$ 1,184,232	\$ 1,163,453	\$ 1,461,735	\$ 1,386,943	\$ 1,165,724	0.2%

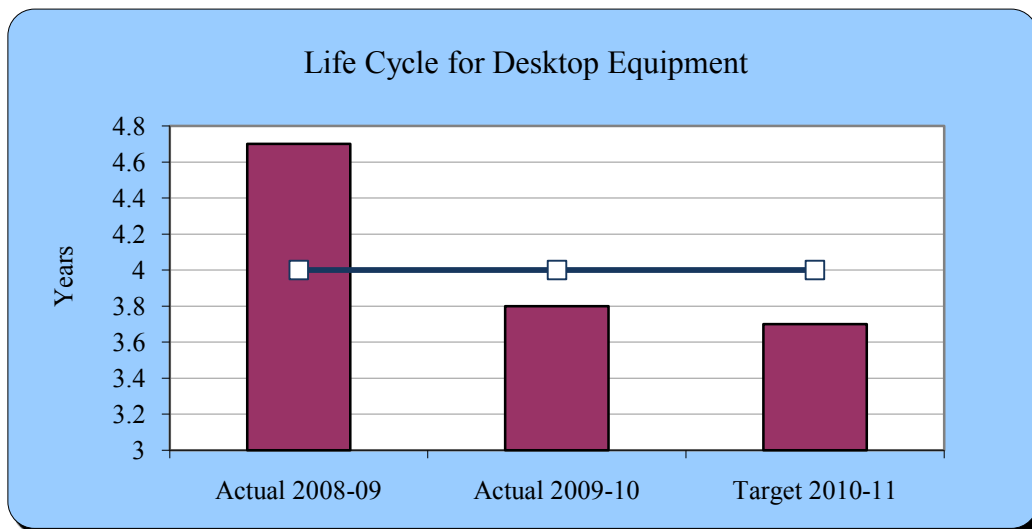
INFORMATION TECHNOLOGY TRENDS

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 goal of four years has been achieved. Lower procurement costs allowed replacement of equipment ahead of schedule such that desktop computer equipment is within the four year goal. Projections for FY11 are to sustain the life cycle below four years.



GOAL (NEW) : *Provide reliable public access to Town information resources.*

OBJECTIVE (NEW) : *Maintain the availability of online public access to Town information resources at 98.5% or greater.*

Town internal information systems are designed for round-the-clock access and services providing web-based information resources for public access. Monitoring and maintenance support are aimed at ensuring a high level of availability. The initial target for FY2010-11 is being established at 98.5%. Data is not available for prior years.

TOWN ATTORNEY

MISSION STATEMENT:

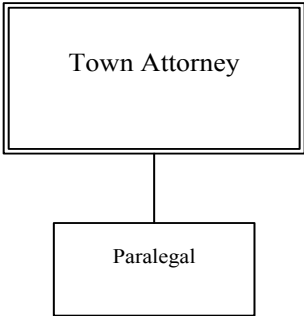
The primary mission of the Office of the Town Attorney is to protect the legal interests of the Town of Chapel Hill.

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

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

***TOWN ATTORNEY
STAFFING COMPARISONS - IN FULL-TIME***

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 ADOPTED
Town Attorney	1.00	1.00	1.00
Paralegal	1.00	1.00	1.00
Attorney Department Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>



TOWN ATTORNEY

BUDGET SUMMARY

The adopted budget for the Town Attorney's office for 2010-11 shows little change over the prior year in keeping with the target directive of zero increase. Anticipated increases in medical insurance, retirement contribution increase and reserve for pay adjustments are offset by operating budget reductions for a net change of -0.1%.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 257,350	\$ 256,771	\$ 263,371	\$ 261,383	\$ 268,706	4.6%
Operating Costs	10,995	37,359	31,754	25,239	25,239	-32.4%
Total	\$ 268,345	\$ 294,130	\$ 295,125	\$ 286,622	\$ 293,945	-0.1%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 268,345	\$ 294,130	\$ 295,125	\$ 286,622	\$ 293,945	-0.1%
Total	\$ 268,345	\$ 294,130	\$ 295,125	\$ 286,622	\$ 293,945	-0.1%

NON-DEPARTMENTAL DIVISION BUDGET SUMMARY

The Non-Departmental Division is used to account for activities in the General Fund that are not related to other departmental functions. These activities include contributions to other agencies, transfers to other funds and liability insurance. The adopted budget includes increases over the prior year for the transfer to the Capital Improvements Fund (\$1,172,800), for PEG support in lieu of cable subscriber fees (\$72,000), for the consolidation of retiree medical cost and Unemployment from other General Fund divisions (\$845,000) and for an increase in the matching requirements for the SAFER grant for firefighters (\$137,000). Contributions to agencies show a reduction from prior year as the budget for recreation assistance to Orange County's Department of Aging is moved to Parks and Recreation in the adopted budget for FY11.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Retiree Medical Insurance	\$ -	\$ -	\$ -	\$ -	815,176	N/A
Other Personnel Costs	6,687	5,000	85,906	-	30,000	500.0%
Liability Insurance	384,559	470,336	470,336	380,000	450,000	-4.3%
OPEB Liability Contributions	-	400,000	800,000	800,000	400,000	0.0%
Operations	79,640	158,549	235,807	162,749	167,549	5.7%
Supplemental PEG Fees	353,732	155,000	244,215	227,508	227,508	46.8%
Transfer to Other Funds	89,677	181,000	499,310	305,000	222,000	22.7%
Transfer to Capital Improvement Funds	1,103,000	305,000	474,000	435,000	1,172,800	284.5%
Grant Matching Funds	334,511	353,100	581,673	394,915	554,423	57.0%
Agency Contributions	821,121	836,500	910,425	910,425	815,350	-2.5%
Total	\$ 3,172,927	\$ 2,864,485	\$ 4,301,672	\$ 3,615,597	\$ 4,854,806	69.5%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 3,172,927	\$ 2,864,485	\$ 4,301,672	\$ 3,615,597	\$ 4,854,806	69.5%
Total	\$ 3,172,927	\$ 2,864,485	\$ 4,301,672	\$ 3,615,597	\$ 4,854,806	69.5%

ENVIRONMENT & DEVELOPMENT BUDGET SUMMARY

This section includes the Planning and Public Works departments. As part of the organizational realignment, the engineering and traffic operations became 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

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Planning	\$ 1,169,497	\$ 1,310,492	\$ 1,376,299	\$ 1,322,569	\$ 1,244,221	-5.1%
Public Works	11,791,078	12,046,988	12,610,930	12,051,370	12,106,788	0.5%
Total	\$ 12,960,575	\$ 13,357,480	\$ 13,987,229	\$ 13,373,939	\$ 13,351,009	0.0%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 9,990,009	\$ 11,291,138	\$ 11,714,556	\$ 11,388,831	\$ 11,294,239	0.0%
Grants	11,709	-	-	-	-	N/A
Charges for Services	1,295,633	931,792	931,792	753,502	934,270	0.3%
Licenses/Permits/Fines	1,591,698	1,065,850	1,272,181	1,169,306	1,058,000	-0.7%
Transfers/Other Sources	71,526	68,700	68,700	62,300	64,500	-6.1%
Total	\$ 12,960,575	\$ 13,357,480	\$ 13,987,229	\$ 13,373,939	\$ 13,351,009	0.0%

PLANNING DEPARTMENT

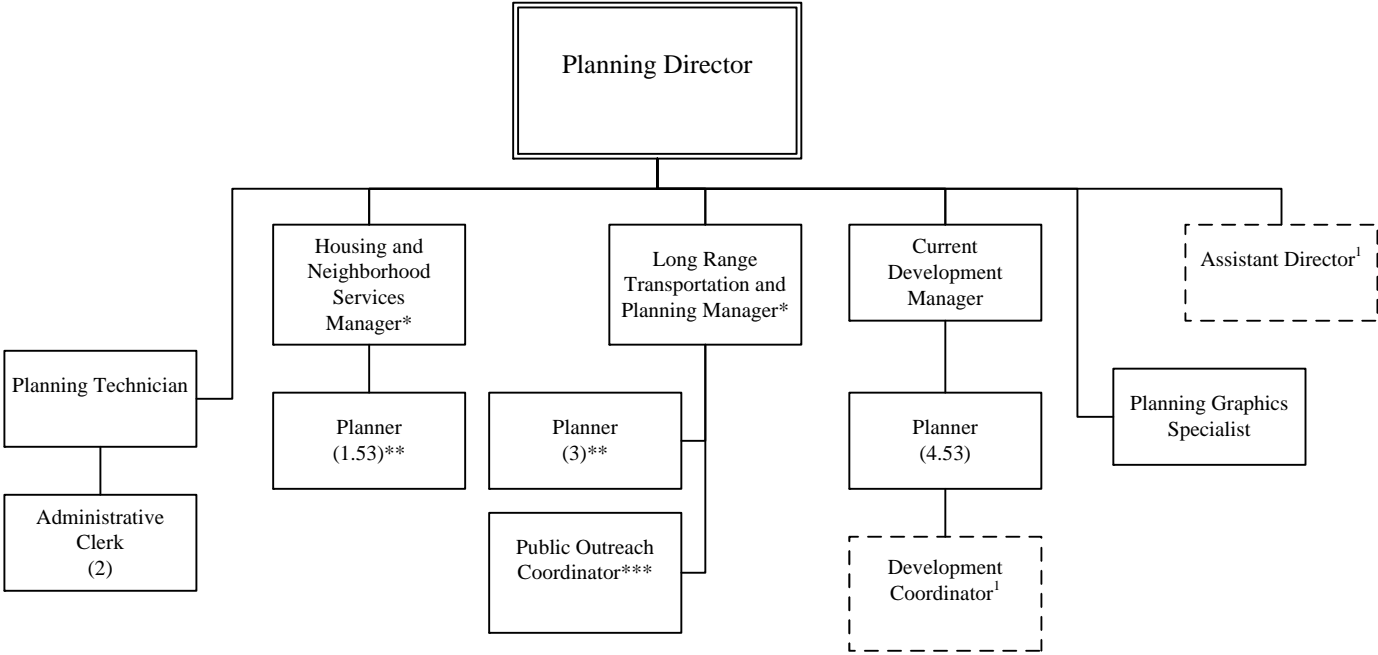
MISSION STATEMENT:

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

Responsibilities of the Planning Department include:

- Long-range and transportation planning services – maintains and oversees implementation of the Comprehensive Plan, prepares Small Area Plans, prepares annexation studies, maintains community statistics, coordinates with state and regional agencies to prepare and implement local and regional transportation plans, manages the transportation demand management program, administers the sidewalk construction plan, and conducts special studies.
- Housing and neighborhood services – implements the neighborhood conservation district process, administers affordable housing and neighborhood revitalization programs, evaluates requests for affordable housing funding, works with partner governments and organizations to implement County-wide affordable housing and homelessness prevention programs, administers affordable housing programs and manages the federal Community Development Block Grant Program.
- Current development – evaluates land development proposals to ensure consistency with Town land use regulations and plans, coordinates interdepartmental and interagency review of development proposals, as part of the developmental approval and permitting processes, and advises on and implements changes to the Land Use Management Ordinance and Zoning Map.
- Staff support – provides reports, studies, information and organizational support to multiple Town Advisory Boards, committees and task forces.
- Public information – makes information available about the activities listed above via the web site, workshops, notifications, and individual technical assistance.

PLANNING



¹Unfunded Position

*Housing & Neighborhood Manager position is 40% grant funded and Long Range Transportation and Planning Manager position is 50% grant funded.

**Two FT Planner positions are 100% grant funded, one FT Planner position is 40% grant funded, and one FT Planner position is 50% grant funded.

*** Public Outreach Coordinator is 50% grant funded.

PLANNING DEPARTMENT
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2008-09	2009-10	2010-11
	ADOPTED	ADOPTED	ADOPTED
Director-Planning	1.00	1.00	1.00
Planning Manager ¹	3.00	3.00	3.00
Planner ²	10.06	9.06	9.53
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	1.00	1.00
Coordinator-Development*	0.00	1.00	1.00
Planning Department Totals	<u>19.06</u>	<u>20.06</u>	<u>20.53</u>

¹ Two Planning Managers are partially grant-funded in FY11. Totals reflect correction of prior year error in FTE count.

² A number of Planner positions are partially or fully grant funded in FY11. Totals reflect correction of prior year error in FTE count and the change of a part-time Planner to full-time.

³ Public Outreach Coordinator is 50% grant-funded.

*Unfunded positions

PLANNING

BUDGET SUMMARY

The adopted budget for 2010-11 for the Planning Department is slightly down from the adopted FY10 budget overall. The net reduction in the personnel budget reflects a combination of the 13.9% medical insurance increase, increase in the state retirement contribution, removal of retiree medical from the departmental budget, reserve for pay increase, the availability of grant funding and a position held vacant for FY11. The increase in operating funds can be attributed to the addition of two transportation planning grant matches that were formerly budgeted in Transit.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 1,000,667	\$ 1,126,351	\$ 1,092,368	\$ 1,034,487	\$ 1,074,541	-4.6%
Operating Costs	168,830	184,141	283,931	288,082	169,680	-7.9%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,169,497	\$ 1,310,492	\$ 1,376,299	\$ 1,322,569	\$ 1,244,221	-5.1%

REVENUES

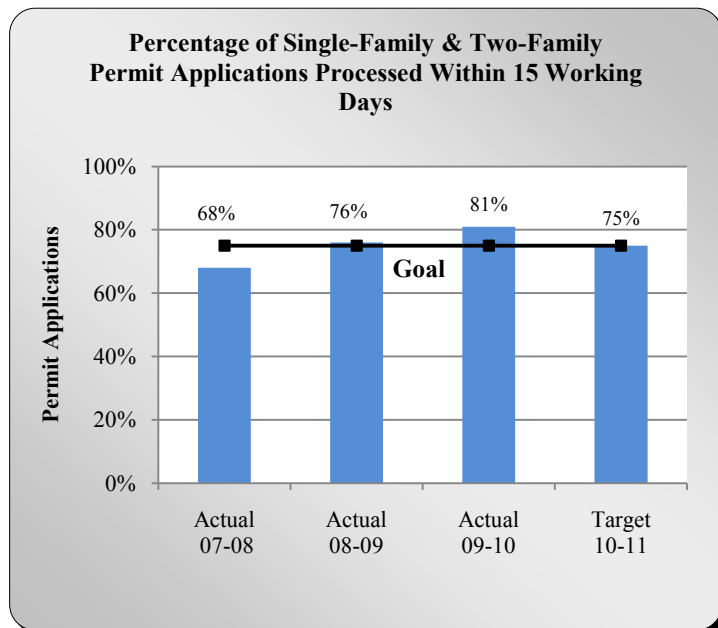
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 586,789	\$ 1,059,150	\$ 1,124,957	\$ 1,184,815	\$ 950,551	-10.3%
Charges for Services	582,341	251,092	251,092	137,654	293,570	16.9%
Other Revenues	367	250	250	100	100	-60.0%
Total	\$ 1,169,497	\$ 1,310,492	\$ 1,376,299	\$ 1,322,569	\$ 1,244,221	-5.1%

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 2009-10 fiscal year, 81% 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% the previous year. In fiscal year 2010-11, the Planning Department will strive to meet the goal of 75% of Single Family Zoning Compliance Permit applications processed within 15 working days of receipt of a completed application.

PUBLIC WORKS

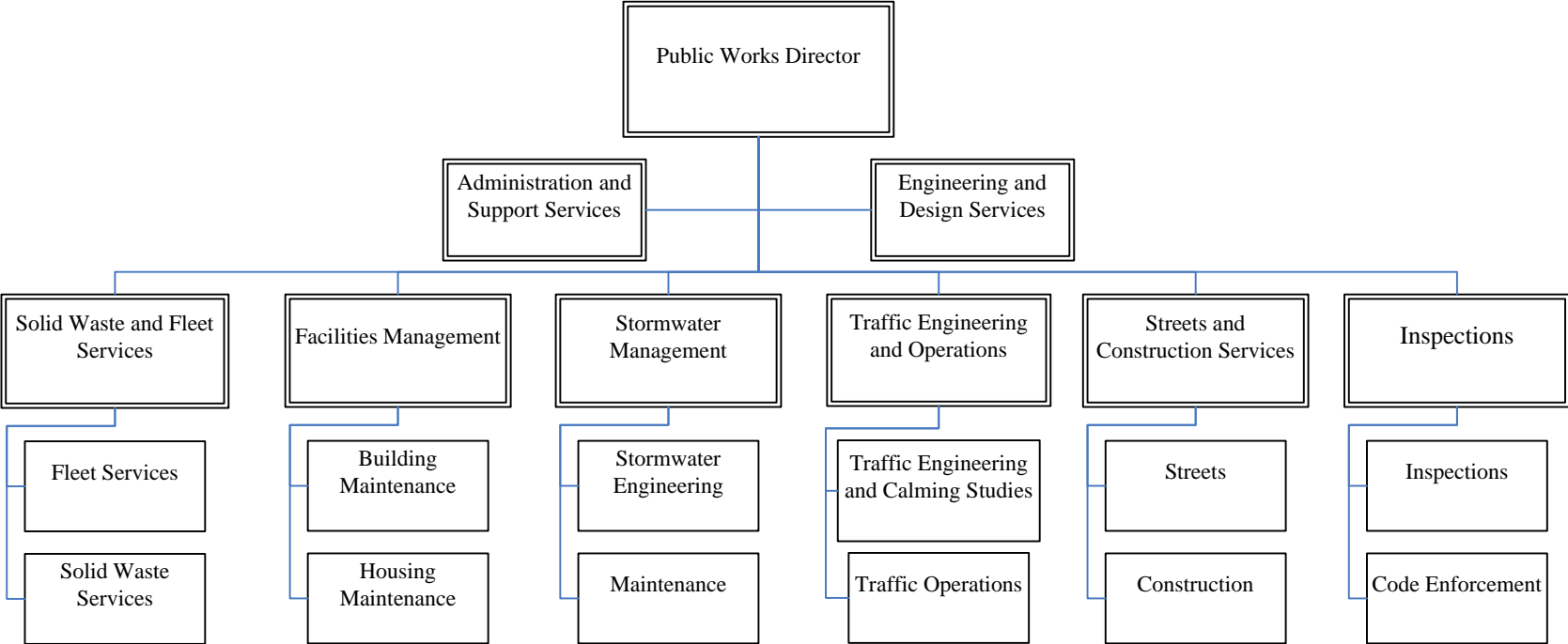
MISSION STATEMENT:

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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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	0.00	0.00
Grounds Maintenance Architect/Urban Forester	1.00	0.00	0.00
Accounting Technician	1.00	1.00	1.00
Administrative Secretary	0.00	1.00	1.00
Administrative Clerk	1.00	1.00	1.00
Division Totals	<u>9.00</u>	<u>8.00</u>	<u>8.00</u>
<u>Inspections</u>			
Building Inspector Manager	1.00	1.00	1.00
Chief Building Inspector	1.00	1.00	1.00
Code Enforcement Officer	1.00	1.00	1.00
Inspector (Levels I-III)	4.00	4.00	4.00
Permits Technician	1.00	1.00	1.00
Division Totals	<u>8.00</u>	<u>8.00</u>	<u>8.00</u>
<u>Engineering and Design Services</u>			
Town Engineer	0.00	1.00	1.00
Engineering Coordinator-Sr	0.00	1.00	1.00
Buildings Program Manager	0.00	1.00	1.00
Survey/Project Coordinator ¹	0.00	1.00	1.00
Engineering Design Specialist	0.00	1.00	1.00
Engineering Inspector ¹	0.00	2.00	2.00
Landscape Architect/Urban Forester	0.00	1.00	0.00
Landscape Architect	0.00	1.00	1.00
GIS Technician-Sr	0.00	1.00	1.00
Engineering Technician	0.00	1.00	1.00
Office Manager ¹	0.00	1.00	1.00
Project Manager*	0.00	1.00	1.00
Special Projects Coordinator/Urban Forester	0.00	0.00	1.00
Unit Totals	<u>0.00</u>	<u>13.00</u>	<u>13.00</u>
<u>Traffic Engineering and Operations</u>			
Engineering Services Manager	0.00	1.00	1.00
Engineer	0.00	1.00	1.00
Engineering Technician	0.00	1.00	1.00
Traffic Signal Technician (Levels I-III)	0.00	4.00	4.00
Sign and Marketing Technician (Levels I-II)	0.00	3.00	3.00
Unit Totals	<u>0.00</u>	<u>10.00</u>	<u>10.00</u>
Division Totals	<u>0.00</u>	<u>23.00</u>	<u>23.00</u>

PUBLIC WORKS DEPARTMENT
STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 ADOPTED
<u>Streets and Construction Services</u>			
Streets			
Superintendent-Streets/Construction/Drainage	1.00	1.00	1.00
Supervisor-Streets	1.00	1.00	1.00
Inspector-Streets	1.00	1.00	1.00
Supervisor-Streets Crew	1.00	1.00	1.00
Construction Worker (Levels I-IV)	11.00	11.00	10.00
Lead Construction Worker	0.00	0.00	1.00
Unit Totals	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>
Construction			
Supervisor-Construction Crew	2.00	2.00	2.00
Construction Worker (Levels I - IV)	8.00	8.00	7.00
Heavy Equipment Operator	0.00	0.00	1.00
Unit Totals	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
Division Totals	<u>25.00</u>	<u>25.00</u>	<u>25.00</u>
<u>Facilities Management</u>			
Buildings			
Superintendent- Internal Services	1.00	0.00	0.00
Superintendent- Sustainability and Facilities Mgmt	0.00	1.00	1.00
Manager-Buildings Program	1.00	0.00	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 ²	0.50	0.25	0.25
Unit Totals	<u>9.50</u>	<u>8.25</u>	<u>8.25</u>
Division Totals	<u>9.50</u>	<u>8.25</u>	<u>8.25</u>
<u>Solid Waste and Fleet Services</u>			
Solid Waste			
Superintendent-Solid Waste ³	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	0.00	0.00
Division Totals	<u>35.00</u>	<u>34.50</u>	<u>34.50</u>
Public Works Totals	<u>86.50</u>	<u>106.75</u>	<u>106.75</u>

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

² Position split between Building Maintenance and Vehicle Maintenance.

³ Superintendent 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 reflects the final organizational realignment that began in FY09. Revenues from development-related fees and permits reflect anticipated increases of about \$8,000 over the prior year, while charges for services reflect decreases anticipated in commercial garbage receipts and street cuts revenue.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Administration	\$ 855,129	\$ 769,234	\$ 798,634	\$ 769,670	\$ 765,146	-0.5%
Inspections	662,721	808,987	795,202	763,859	756,035	-6.5%
Engineering & Design	2,198,590	1,078,382	1,063,582	972,269	1,087,638	0.9%
Traffic	536,507	1,500,665	1,844,788	1,828,084	1,567,982	4.5%
Construction	726,607	773,514	909,785	890,300	807,653	4.4%
Streets	1,912,901	2,105,888	2,274,092	2,127,259	2,138,541	1.6%
Drainage	-	-	-	-	-	N/A
Building Maintenance	1,391,774	1,400,081	1,415,735	1,294,329	1,460,878	4.3%
Grounds Maintenance	-	-	-	-	-	N/A
Solid Waste	3,506,849	3,610,237	3,509,112	3,405,600	3,522,915	-2.4%
Total	\$ 11,791,078	\$ 12,046,988	\$ 12,610,930	\$ 12,051,370	\$ 12,106,788	0.5%

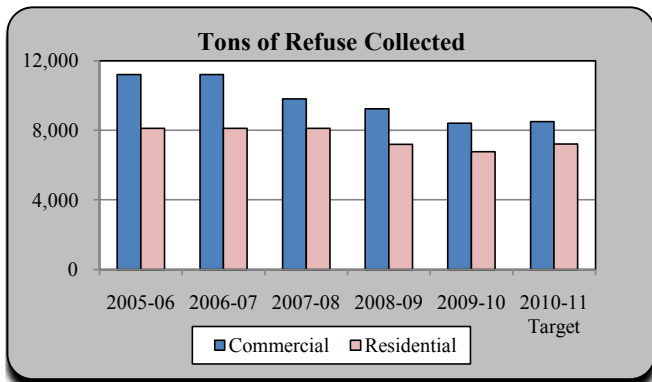
REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 9,403,220	\$ 10,231,988	\$ 10,589,599	\$ 10,204,016	\$ 10,343,688	1.1%
Grants	11,709	-	-	-	-	N/A
Charges for Services	713,292	680,700	680,700	615,848	640,700	-5.9%
Licenses/Permits/Fines	1,591,331	1,065,600	1,271,931	1,169,206	1,057,900	-0.7%
Transfers/Other Sources	71,526	68,700	68,700	62,300	64,500	-6.1%
Total	\$ 11,791,078	\$ 12,046,988	\$ 12,610,930	\$ 12,051,370	\$ 12,106,788	0.5%

PUBLIC WORKS TRENDS

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

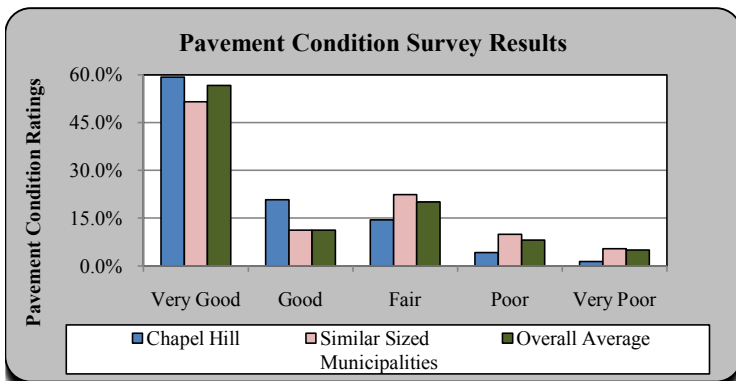
GOAL : To provide 100% of the commercial and residential customers with on-time, same day service for all



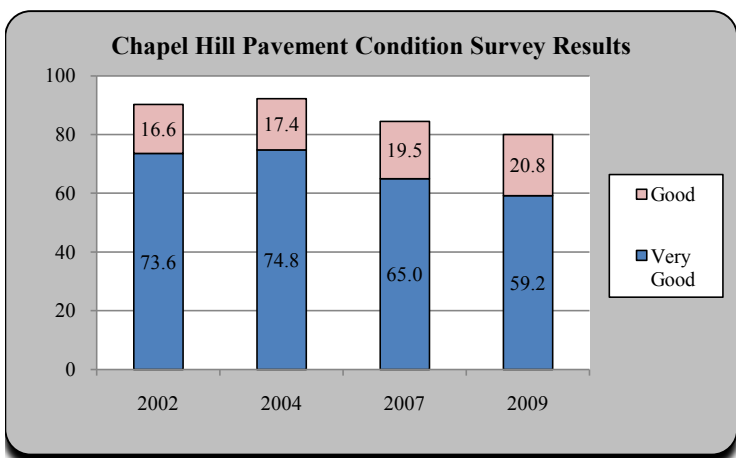
The Public Works Department maintained on-time service 100% of the time*; total quantities of commercial and residential refuse collected have continued to decline in the last several years. Since last fiscal year, commercial tonnage has decreased by 9.0% and residential tonnage has decreased by 5.9%.

*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.



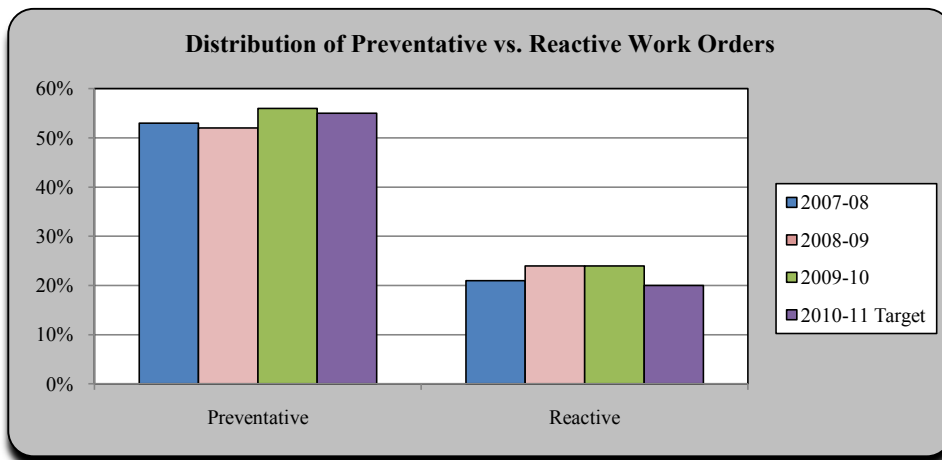
In 2008-09 59.2% of Chapel Hill streets were rated "very good," a 5.8% decrease from 2006-07. In all years rated, poor and very poor streets in Chapel Hill were always below 6.0%, with less than 1.5% rated very poor and 4.2% rated poor in 2006-07. Chapel Hill pavement conditions consistently rate well 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

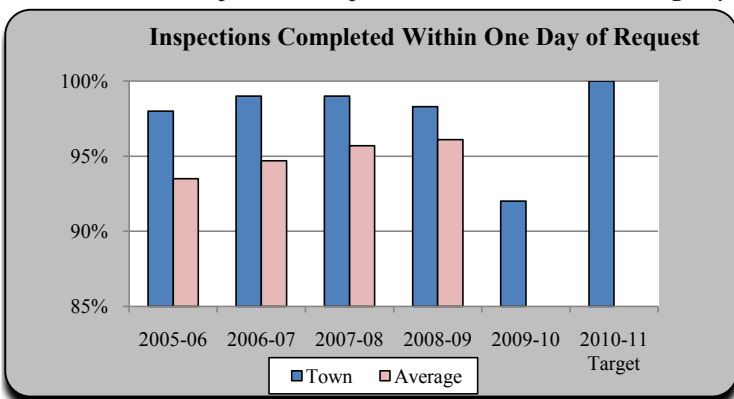
TRENDS *Cont.*

GOAL : To assure all facilities are maintained in excellent condition through emphasis of preventive maintenance,

The facilities maintenance operational goals were met with 56% of work in the preventive maintenance category in 2009-10. In comparison, only 24% of work orders were in the reactive (unscheduled) maintenance category in 2009-10.



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



In 2009-10-09, 92% of inspections were completed within one business day of the request. Data for other NC municipalities was compiled by the UNC School of Government. (Note: municipal average not available for 2009-10.)

PUBLIC WORKS - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure decrease of 0.5% from last year's budget. This decrease in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, reserve for pay adjustments, transfer of retiree medical costs from departmental budgets, and turnover. The operating increases can be attributed to the consolidation of Town Operations Center expenses for equipment rentals and supplies which had previously been split out among divisions.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 694,038	\$ 652,634	\$ 632,734	\$ 610,820	\$ 646,696	-0.9%
Operating Costs	161,091	116,600	165,900	158,850	118,450	1.6%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 855,129	\$ 769,234	\$ 798,634	\$ 769,670	\$ 765,146	-0.5%

PUBLIC WORKS - Inspections Division
BUDGET SUMMARY

The adopted budget for the Inspections division reflects an overall expenditure decrease of 6.5% from last year's budget. This decrease in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, reserve for pay adjustments, transfer of retiree medical costs from departmental budgets, and freezing of a vacant position for 6 months. The operating decrease of 31.7% can be attributed to the elimination of application software costs due to the upcoming purchase of the development software, reductions in FY11 vehicle replacement costs and fleet use charges.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 561,379	\$ 659,787	\$ 633,937	\$ 610,659	\$ 654,135	-0.9%
Operating Costs	101,342	149,200	161,265	153,200	101,900	-31.7%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 662,721	\$ 808,987	\$ 795,202	\$ 763,859	\$ 756,035	-6.5%

PUBLIC WORKS - Engineering and Design Services

BUDGET SUMMARY

The adopted budget for the Engineering and Design division reflects an overall expenditure increase of 0.9% from last year's budget. This increase in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, reserve for pay adjustments, transfer of retiree medical costs from departmental budgets, and position reclassifications. The operating decreases can be attributed to a reduction in professional services, specifically related to aerial photography being provided by the state, which eliminates the need for the Town's portion. Also, there are reductions in software/license agreement needs and vehicle replacement costs.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 1,363,142	\$ 923,482	\$ 911,082	\$ 835,219	\$ 970,638	5.1%
Operating Costs	768,089	154,900	152,500	137,050	117,000	-24.5%
Capital Outlay	67,359	-	-	-	-	N/A
Total	\$ 2,198,590	\$ 1,078,382	\$ 1,063,582	\$ 972,269	\$ 1,087,638	0.9%

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

PUBLIC WORKS - Traffic

BUDGET SUMMARY

The adopted budget for the Traffic division reflects an overall expenditure increase of 4.5% from last year's budget. This increase in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, a reserve for pay adjustments and increase in worker's compensation insurance. The operating increases can be attributed to an increase of \$48,300 over the prior year for electricity for street lighting.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ -	\$ 730,565	\$ 733,965	\$ 735,884	\$ 767,682	5.1%
Operating Costs	536,507	770,100	1,110,823	1,092,200	800,300	3.9%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 536,507	\$ 1,500,665	\$ 1,844,788	\$ 1,828,084	\$ 1,567,982	4.5%

** 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 an overall expenditure increase of 4.4% from last year's budget. This increase in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, reserve for pay adjustments, transfer of retiree medical costs from departmental budgets, and position reclassifications. The adopted budget continues freezing 3 vacant positions on FY11. The operating increases can be attributed to an increase in vehicle replacment chages.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 503,097	\$ 473,414	\$ 477,414	\$ 458,050	\$ 480,253	1.4%
Operating Costs	223,510	300,100	432,371	432,250	327,400	9.1%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 726,607	\$ 773,514	\$ 909,785	\$ 890,300	\$ 807,653	4.4%

PUBLIC WORKS - Streets Unit
BUDGET SUMMARY

The adopted budget for the Streets division reflects an overall expenditure increase of 1.6% from last year's budget. This decrease in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, reserve for pay adjustments, transfer of retiree medical costs from departmental budgets, position reclassifications and turnover. The operating increases can be attributed to an increase in vehicle replacement charges and fleet use charges. The increase in capital outlay is for the purchase of a salt spreader.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 870,724	\$ 928,988	\$ 945,488	\$ 845,434	\$ 927,091	-0.2%
Operating Costs	1,042,177	1,164,900	1,300,279	1,253,500	1,197,450	2.8%
Capital Outlay	-	12,000	28,325	28,325	14,000	16.7%
Total	\$ 1,912,901	\$ 2,105,888	\$ 2,274,092	\$ 2,127,259	\$ 2,138,541	1.6%

PUBLIC WORKS - Building Maintenance Unit
BUDGET SUMMARY

The adopted budget for the Building Maintenance division reflects an overall expenditure increase of 4.3% from last year's budget. The increase in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, reserve for pay adjustments, transfer of retiree medical costs from departmental budgets, mid-year career advancement for 2 employees and accounting for 25% of the Maintenance Services Manager which was not budgeted in the previous year. The recommended budget also restores funding for a supervisor position that was held vacant in FY10. The operating decrease is the net of an increase in casualty repairs (offset by an increase to the general fund revenue for insurance proceeds) and a decrease in maintenance costs.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 586,256	\$ 555,381	\$ 523,881	\$ 476,199	\$ 622,378	12.1%
Operating Costs	799,197	844,700	891,854	818,130	838,500	-0.7%
Capital Outlay	6,321	-	-	-	-	N/A
Total	\$ 1,391,774	\$ 1,400,081	\$ 1,415,735	\$ 1,294,329	\$ 1,460,878	4.3%

PUBLIC WORKS - Solid Waste Services Unit
BUDGET SUMMARY

The adopted budget for the Solid Waste Services division reflects an overall expenditure decrease of 2.4% from last year's budget. This increase in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, reserve for pay adjustments, transfer of retiree medical costs from departmental budgets, and position reclassifications. The increases are mitigated by the freezing of 1 position. The operating decreases can be attributed to a reduction in landfill fees, the result of both the economic climate and an increase in recycling.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 1,873,106	\$ 1,865,937	\$ 1,895,587	\$ 1,844,350	\$ 1,872,815	0.4%
Operating Costs	1,633,743	1,744,300	1,613,525	1,561,250	1,650,100	-5.4%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 3,506,849	\$ 3,610,237	\$ 3,509,112	\$ 3,405,600	\$ 3,522,915	-2.4%

***PUBLIC SAFETY
BUDGET SUMMARY***

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

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Police	\$ 11,482,833	\$ 12,138,197	\$ 12,211,737	\$ 11,617,781	\$ 12,395,970	2.1%
Fire	6,511,480	7,296,270	7,305,530	7,028,011	6,956,481	-4.7%
Total	\$ 17,994,313	\$ 19,434,467	\$ 19,517,267	\$ 18,645,792	\$ 19,352,451	-0.4%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Fund	\$ 17,476,610	\$ 19,031,670	\$ 19,114,470	\$ 18,203,812	\$ 18,828,347	-1.1%
Grants	103,899	2,132	2,132	18,090	54,000	2432.8%
Charges for Services	304,663	304,165	304,165	319,880	349,604	14.9%
Licenses/Permits/Fines	109,141	96,500	96,500	104,010	120,500	24.9%
Transfers/Other Sources	-	-	-	-	-	N/A
Total	\$ 17,994,313	\$ 19,434,467	\$ 19,517,267	\$ 18,645,792	\$ 19,352,451	-0.4%

CHAPEL HILL POLICE DEPARTMENT

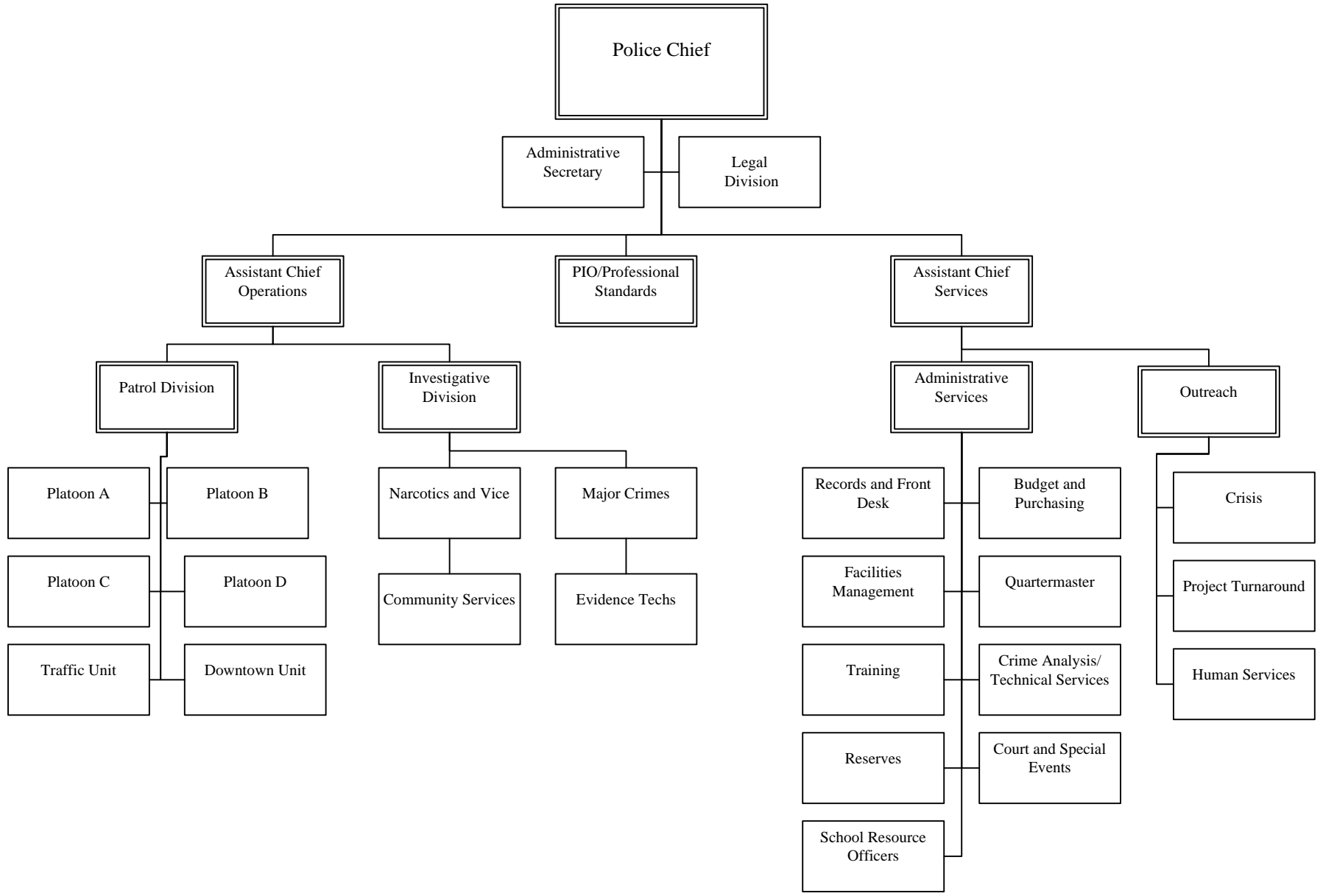
MISSION STATEMENT:

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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 ADOPTED
Support Services			
Police Chief	1.00	1.00	1.00
Assistant Police Chief	0.00	1.00	1.00
Police Captain	0.00	0.00	1.00
Police Attorney/Legal Advisor ¹	1.00	1.00	2.00
Police Analyst	1.00	1.00	1.00
Crisis Unit Supervisor	1.00	1.00	1.00
Crisis Counselor	3.00	3.00	3.00
Human Services Coordinator	1.00	1.00	1.00
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
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
Administrative Services Supervisor*	1.00	1.00	1.00
Customer Service Technician	4.00	4.00	4.00
Division Totals	<u>24.00</u>	<u>25.00</u>	<u>27.00</u>
Operations			
Assistant Police Chief	0.00	1.00	1.00
Police Major*	1.00	1.00	1.00
Police Captain	3.00	3.00	2.00
Police Lieutenant	9.00	9.00	9.00
Police Sergeant	13.00	13.00	13.00
Senior Forensic and Evidence Specialist	1.00	0.00	0.00
Forensic and Evidence Specialist	1.00	2.00	2.00
Police Officer	90.00	90.00	90.00
Division Totals	<u>118.00</u>	<u>119.00</u>	<u>118.00</u>
Police Department Totals	<u>142.00</u>	<u>144.00</u>	<u>145.00</u>

¹ Increase in FTEs due to addition of a second Police Attorney.

*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. Most grant revenues were moved to a separate Grants Fund in 2007-08, but the adopted budget for FY11 returns the Project Turnaround program to the Police Department budget. Revenues are expected to remain largely unchanged overall in 2010-11 with the exception of the establishment of a fee for sterilized and unsterilized cats. Changes relating to expenditures are noted on division summaries.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 9,650,678	\$ 10,260,483	\$ 10,244,843	\$ 9,784,102	\$ 10,587,970	3.2%
Operating Costs	1,832,155	1,877,714	1,966,894	1,833,679	1,808,000	-3.7%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 11,482,833	\$ 12,138,197	\$ 12,211,737	\$ 11,617,781	\$ 12,395,970	2.1%

REVENUES

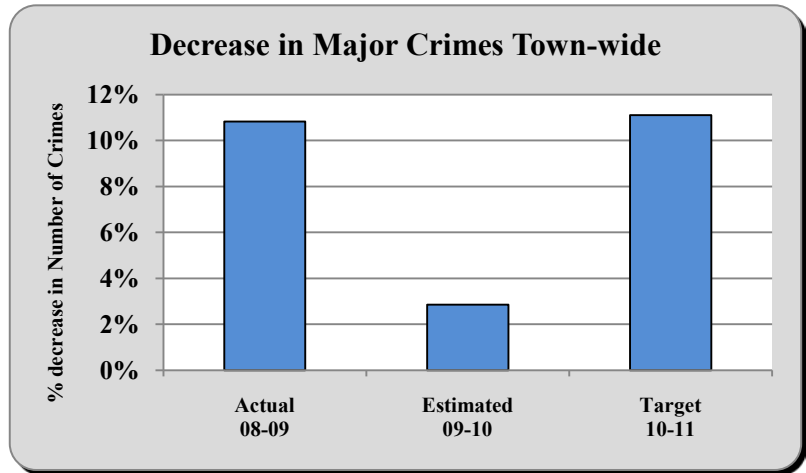
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 10,991,451	\$ 11,761,030	\$ 11,834,570	\$ 11,203,731	\$ 11,896,760	1.2%
Grants	103,899	-	-	18,090	54,000	N/A
Charges for Services	303,667	303,667	303,667	319,210	349,210	15.0%
Licenses/Permits/Fines	83,816	73,500	73,500	76,750	96,000	30.6%
Total	\$ 11,482,833	\$ 12,138,197	\$ 12,211,737	\$ 11,617,781	\$ 12,395,970	2.1%

POLICE TRENDS

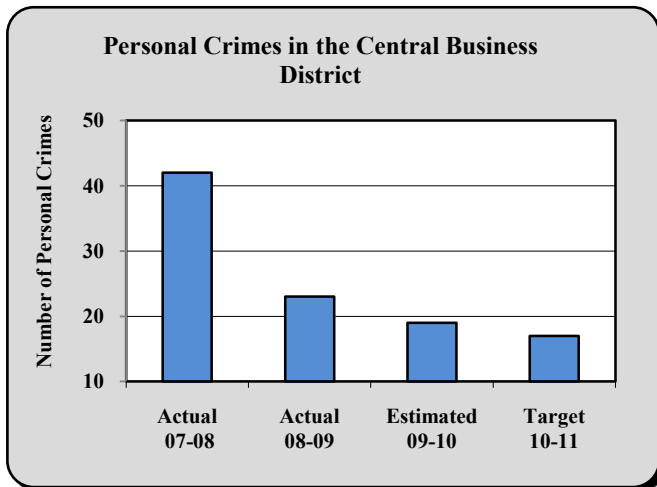
COUNCIL SERVICE GOAL: Provide protection and public safety.

OBJECTIVE: Decrease major crimes (UCR Part I) by 10%.

In fiscal year 2009-10, the number of Part I crimes (homicide, rape, robbery, assault, burglary, larceny, auto theft and arson) totaled 1,871. This represents a 3% decrease in major crimes from the previous year. During the 2010-11 fiscal year, the Police Department will use visible patrols, analysis of data, crime prevention and enforcement procedures to decrease major crimes.



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 FY10 for the third year in a row. The reduction represents a 17% decrease from last year. The Police Department will continue a 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 incorporates the change in command structure carried out in the fall and includes the addition of a new Legal Advisor position (\$95,600), the transfer of Project Turnaround positions from the Grants Fund (\$130,000), the 13.9% increase in medical insurance (\$26,400) netted with the transfer of retiree health to the Non-Departmental budget (-56,000), 32% increase in retirement (\$46,500) and employee pay adjustments (\$19,000) resulting in a 20.3% increase in personnel costs overall. The greatest component of the 2.8% decrease in operating costs is a reduction in the cost of rental equipment.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 1,399,723	\$ 1,615,890	\$ 1,595,890	\$ 1,532,977	\$ 1,944,308	20.3%
Operating Costs	563,961	593,440	643,086	573,246	576,691	-2.8%
Total	\$ 1,963,684	\$ 2,209,330	\$ 2,238,976	\$ 2,106,223	\$ 2,520,999	14.1%

POLICE - Operations Division
BUDGET SUMMARY

Despite the 13.9% increase in medical insurance (\$123,000) and 32% increase in retirement (\$102,000), the Operations division achieved a zero increase in personnel budget by continuing to hold the Police Major position vacant, by freezing one vacant officer position, by the transfer of retiree health care to Non-Departmental (-\$155,000), and through a reduction in temporary and overtime salary budgets. Also included is a reserve for employee pay adjustments of \$107,000.

The decrease in operating costs is comprised of an additional \$20,000 for the Town's animal control contract with Orange County, netted against a variety of small reductions, chiefly in vehicle fuel and replacement costs.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 8,250,955	\$ 8,644,593	\$ 8,648,953	\$ 8,251,125	\$ 8,643,662	0.0%
Operating Costs	1,050,138	1,136,974	1,176,508	1,137,590	1,111,309	-2.3%
Total	\$ 9,301,093	\$ 9,781,567	\$ 9,825,461	\$ 9,388,715	\$ 9,754,971	-0.3%

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. Following successful efforts to contain the downtown Halloween celebration and a more subdued Final Four season, current year estimates are well within budget and the adopted budget for FY11 includes a further reduction by 18.5%.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating Costs	218,056	147,300	147,300	122,843	120,000	-18.5%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 218,056	\$ 147,300	\$ 147,300	\$ 122,843	\$ 120,000	-18.5%

FIRE DEPARTMENT

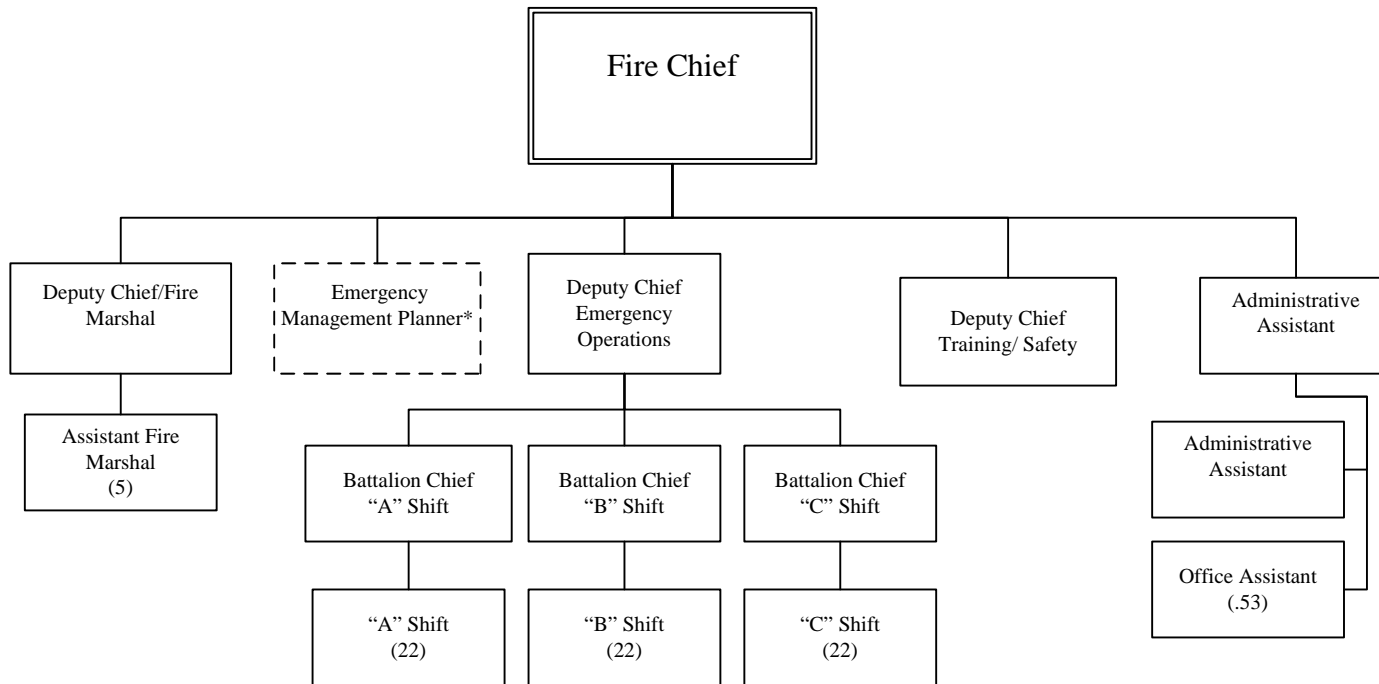
MISSION STATEMENT:

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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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	0.00
Administrative Assistant	1.00	1.00	1.00
Office Assistant	0.53	0.53	0.53
Administrative Analyst	0.00	0.00	1.00
Emergency Management Planner*	0.00	1.00	1.00
Division Totals	<u>4.53</u>	<u>5.53</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/Lieutenant	15.00	18.00	16.00
Fire Equipment Operator/Firefighter ¹	63.00	60.00	63.00
Division Totals	<u>82.00</u>	<u>82.00</u>	<u>83.00</u>
Life Safety			
Deputy Fire Chief (Fire Marshal)	1.00	1.00	1.00
Fire Captain/Lieutenant	0.00	0.00	2.00
Assistant Fire Marshal	5.00	5.00	2.00
Division Totals	<u>6.00</u>	<u>6.00</u>	<u>5.00</u>
Fire Department Totals	<u><u>92.53</u></u>	<u><u>93.53</u></u>	<u><u>93.53</u></u>

*Unfunded position

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

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 2010-11. Changes relating to expenditures are noted on division summaries.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 5,562,922	\$ 6,253,086	\$ 6,253,086	\$ 5,977,820	\$ 5,917,667	-5.4%
Operating Costs	933,106	1,043,184	1,052,444	1,050,191	1,038,814	-0.4%
Capital Outlay	15,452	-	-	-	-	N/A
Total	\$ 6,511,480	\$ 7,296,270	\$ 7,305,530	\$ 7,028,011	\$ 6,956,481	-4.7%

REVENUES

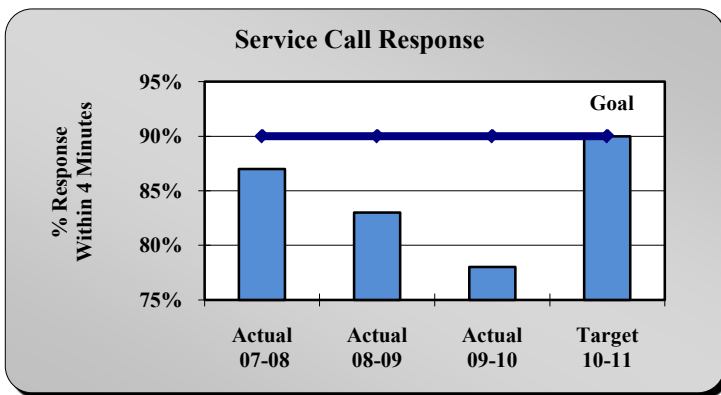
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 6,485,159	\$ 7,270,640	\$ 7,279,900	\$ 7,000,081	\$ 6,931,587	-4.7%
Grants	-	2,132	2,132	-	-	-100.0%
Charges for Services	996	498	498	670	394	-20.9%
Licenses/Permits/Fines	25,325	23,000	23,000	27,260	24,500	6.5%
Total	\$ 6,511,480	\$ 7,296,270	\$ 7,305,530	\$ 7,028,011	\$ 6,956,481	-4.7%

FIRE TRENDS

COUNCIL SERVICE GOAL: Provide protection and public safety.

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

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

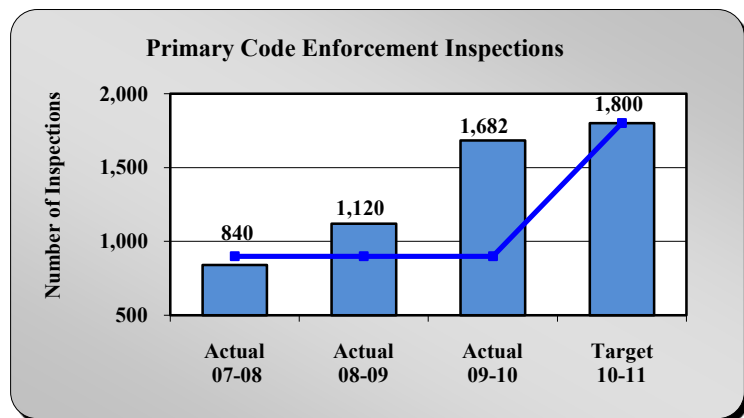


In fiscal year 2009-10, the response to service calls within five minutes decreased from 83% to 78%. The decrease is primarily due to extended dispatch times which greatly affect our ability to properly record actual times related to each call.

GOAL: Reduce preventable fire hazards.

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

In fiscal year 2009-10, fire marshals and fire crews conducted 1,682 primary code enforcement inspections and will continue efforts to conduct at least 1,800 primary inspections in fiscal year 2010-11.



FIRE - Administration Division
BUDGET SUMMARY

The adopted budget for the Administration division reflects an overall expenditure increase of 0.1% from last year's budget. This decrease in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, reserve for pay adjustments, transfer of retiree medical costs from departmental budgets, and turnover. The operating increases can be attributed to an increase in travel and training as well as an increase to equipment rental for copiers for stations 2 and 4.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 415,916	\$ 429,849	\$ 429,849	\$ 425,345	\$ 423,436	-1.5%
Operating Costs	78,972	70,385	74,885	68,344	77,375	9.9%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 494,888	\$ 500,234	\$ 504,734	\$ 493,689	\$ 500,811	0.1%

FIRE - Emergency Operations Division
BUDGET SUMMARY

The adopted budget for the Emergency Operations Division reflects a decrease in personnel costs due primarily to correcting the SAFER grant match in the previous year. The upcoming year represents a 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. The operating costs reduction of 1.3% is primarily due to the reduction of the prior year's one-time computer/small equipment budget in FY11.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 4,656,905	\$ 5,269,469	\$ 5,269,469	\$ 4,990,602	\$ 4,930,407	-6.4%
Operating Costs	840,663	960,494	965,254	969,542	947,722	-1.3%
Capital Outlay	15,452	-	-	-	-	N/A
Total	\$ 5,513,020	\$ 6,229,963	\$ 6,234,723	\$ 5,960,144	\$ 5,878,129	-5.6%

FIRE - Life Safety Division
BUDGET SUMMARY

The adopted budget for the Life Safety division reflects an overall expenditure increase of 2% from last year's budget. This increase in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, reserve for pay adjustments and transfer of retiree medical costs from departmental budgets. The operating increase is chiefly an increase in travel and training needs.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 490,101	\$ 553,768	\$ 553,768	\$ 561,873	\$ 563,824	1.8%
Operating Costs	13,471	12,305	12,305	12,305	13,717	11.5%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 503,572	\$ 566,073	\$ 566,073	\$ 574,178	\$ 577,541	2.0%

LEISURE BUDGET SUMMARY

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

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Parks and Recreation	\$ 5,103,787	\$ 5,823,996	\$ 5,948,859	\$ 5,791,830	\$ 6,202,801	6.5%
Library	2,234,328	2,373,932	2,493,127	2,400,723	2,397,235	1.0%
Total	\$ 7,338,115	\$ 8,197,928	\$ 8,441,986	\$ 8,192,553	\$ 8,600,036	4.9%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 6,028,517	\$ 7,065,760	\$ 7,209,818	\$ 6,809,809	\$ 7,333,318	3.8%
Grants	369,830	369,468	369,468	369,468	369,468	0.0%
Charges for Services	592,006	484,700	484,700	616,376	619,850	27.9%
Licenses/Permits/Fines	211,995	190,000	190,000	210,900	221,400	16.5%
Transfers/Other Sources	135,767	88,000	188,000	186,000	56,000	-36.4%
Total	\$ 7,338,115	\$ 8,197,928	\$ 8,441,986	\$ 8,192,553	\$ 8,600,036	4.9%

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.

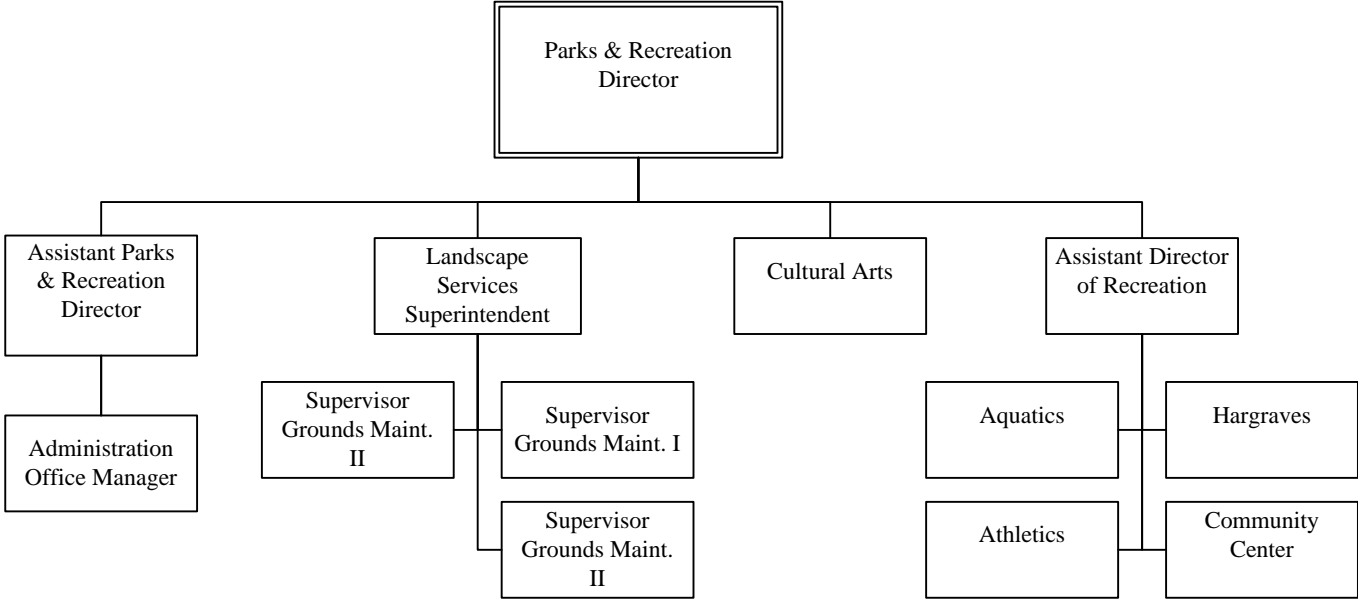
The Parks and Recreation Department provides a variety of services to the citizens of Chapel Hill. Some of these services include:

- 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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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>
Landscape Services and Park Maintenance			
Superintendent-Grounds Maintenance Operations	1.00	1.00	1.00
Supervisor-Grounds Maintenance I	2.00	2.00	2.00
Supervisor-Grounds Maintenance II	1.00	1.00	1.00
Arborist	1.00	1.00	1.00
Arborist-Assistant	1.00	1.00	1.00
Horticulturist	2.00	2.00	0.00
Right-of-Way Crew Leader	1.00	1.00	0.00
Groundskeeper (Levels I & II) / Ground Crew Leader ¹	17.00	17.00	0.00
Landscape Specialist.Landscape Crew Leader	0.00	0.00	22.00
Administrative Technician	0.00	1.00	1.00
Maintenance Assistant	0.00	1.00	1.00
Construction Worker (Levels I - IV)	3.00	2.00	0.00
Division Totals	<u>29.00</u>	<u>30.00</u>	<u>30.00</u>
Athletics			
Superintendent-Recreation	0.00	1.00	0.00
Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	2.53	2.53	2.53
Maintenance Assistant	1.00	0.00	0.00
Division Totals	<u>4.53</u>	<u>4.53</u>	<u>3.53</u>
Community Center			
Supervisor-Recreation	1.00	1.00	1.00
Recreation Assistant	1.00	1.00	2.00
Lifeguard	1.00	0.00	0.00
Division Totals	<u>3.00</u>	<u>2.00</u>	<u>3.00</u>

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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 ADOPTED
<i>continued</i>			
Aquatics Center			
Supervisor-Recreation	1.00	1.00	1.00
Assistant Supervisor-Aquatics	2.00	1.00	1.00
Recreation Assistant	3.00	1.00	0.00
Recreation Specialist	0.53	0.53	0.53
Lifeguard	1.00	4.00	4.00
Division Totals	<u>7.53</u>	<u>7.53</u>	<u>6.53</u>
Public Arts			
Public Arts Administrator	0.00	1.00	1.00
Public Arts Coordinator	0.00	1.00	1.00
Division Totals	<u>0.00</u>	<u>2.00</u>	<u>2.00</u>
Hargraves Center			
Supervisor-Recreation	1.00	1.00	1.00
Assistant Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	0.80	0.80	0.80
Recreation Assistant	1.53	1.58	1.58
Division Totals	<u>4.33</u>	<u>4.38</u>	<u>4.38</u>
Community Cultural Arts			
Assistant Director-Recreation	0.00	0.00	1.00
Supervisor-Recreation	1.00	1.00	1.00
Recreation Specialist	2.80	2.80	2.80
Division Totals	<u>3.80</u>	<u>3.80</u>	<u>4.80</u>
Parks & Recreation Department Totals	<u><u>56.79</u></u>	<u><u>58.84</u></u>	<u><u>58.84</u></u>

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

PARKS AND RECREATION

BUDGET SUMMARY

The adopted budget for Parks and Recreation reflects an overall expenditure increase of 6.5% from last year's budget. This increase in personnel is the net result in the 13.9% increase medical insurance, increase in the state retirement contribution, reserve for pay adjustments, transfer of retiree medical costs from departmental budgets, position reclassifications and the addition of an Assistant Director of Recreation which was previously unfunded. The operating increases can be attributed to the addition of funding for the park's master plan (\$140,000) and for senior programming at the Seymour Center (\$50,000). The budget for service charges is increased by 27% due largely to the fees at the Aquatics Center. The reduction in other revenues is comprised of a decrease in cemetery sales.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 3,503,285	\$ 4,206,209	\$ 4,111,333	\$ 4,036,596	\$ 4,326,998	2.9%
Operating Costs	1,507,106	1,617,787	1,814,726	1,755,234	1,875,803	15.9%
Capital Outlay	93,396	-	22,800	-	-	N/A
Total	\$ 5,103,787	\$ 5,823,996	\$ 5,948,859	\$ 5,791,830	\$ 6,202,801	6.5%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Revenues	\$ 4,360,326	\$ 5,165,536	\$ 5,290,399	\$ 5,030,794	\$ 5,438,291	5.3%
Grants	83,700	83,760	83,760	83,760	83,760	0.0%
Charges for Services	592,006	484,700	484,700	616,376	619,850	27.9%
Transfers/Other Sources	67,755	90,000	90,000	60,900	60,900	-32.3%
Total	\$ 5,103,787	\$ 5,823,996	\$ 5,948,859	\$ 5,791,830	\$ 6,202,801	6.5%

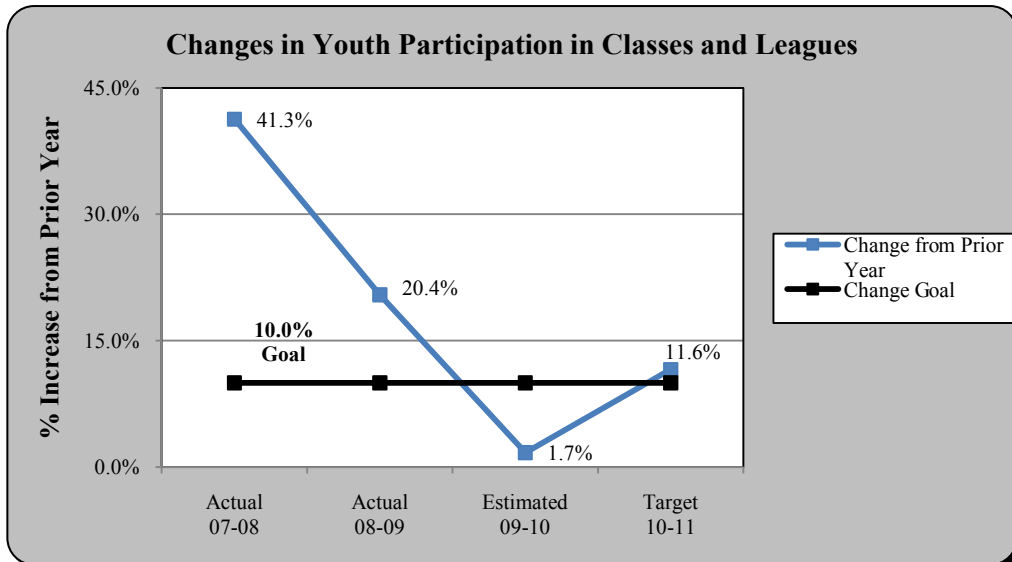
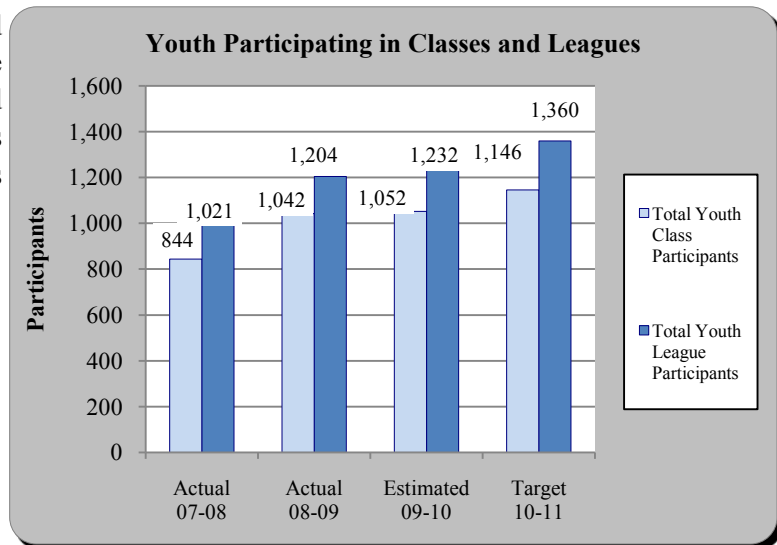
PARKS AND RECREATION TRENDS

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 2009-10, the Parks and Recreation Department saw an increase in participation in youth classes and leagues by 1.7% from 2,246 participants to 2,284 participants. These increases are expected to continue for 2010-11.



CHAPEL HILL PUBLIC LIBRARY

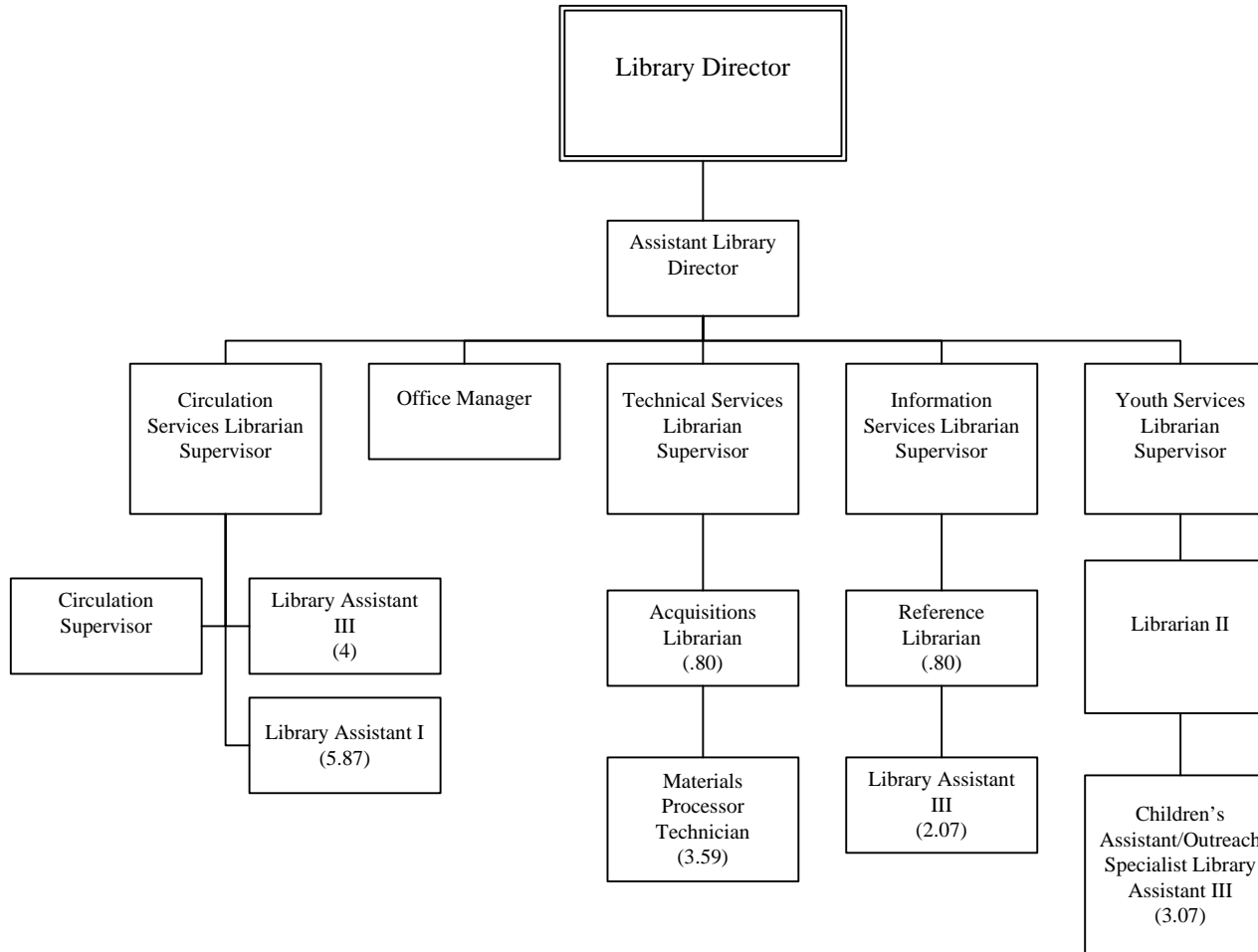
MISSION STATEMENT:

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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 ADOPTED
Director-Library	1.00	1.00	1.00
Assistant Director-Library/Head of Public Services	1.00	1.00	1.00
Supervisor-Librarian	4.00	4.00	4.00
Librarian	2.60	2.60	2.60
Supervisor-Circulation	1.00	1.00	1.00
Office Manager	1.00	1.00	1.00
Materials Processor ¹	3.59	3.59	3.53
Library Assistant I-III ¹	15.01	15.01	14.95
	<hr/>		
Library Department Totals	29.20	29.20	29.08

¹ FTE change in FY11 is due to an adjustment in work hours of part-time employees

LIBRARY BUDGET SUMMARY

At the time of the adoption of the FY11 Budget, a decision about the Library renovation was pending therefore, the adopted budget for the Library assumes continued operation in the current facility for FY11. The budget reflects an overall expenditure increase of 1.0% from last year's budget. This increase in personnel is the net result in the 13.9% increase in medical insurance, increase in the state retirement contribution, reserve for pay adjustments and transfer of retiree medical costs from departmental budgets. The operating decreases can be attributed to reductions in periodicals, computer use charges and telephone expenses. The increase in library fines reflects recent years' activity and includes outside agency collections. Transfers from the Library Gift Fund are restored to the historical level of \$45,000 in FY11, a reduction from the one-time increase to \$75,000 in FY10.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 1,663,488	\$ 1,781,502	\$ 1,780,836	\$ 1,754,173	\$ 1,814,524	1.9%
Operating Costs	570,840	592,430	712,291	646,550	582,711	-1.6%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 2,234,328	\$ 2,373,932	\$ 2,493,127	\$ 2,400,723	\$ 2,397,235	1.0%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
General Fund	\$ 1,668,191	\$ 1,900,224	\$ 1,919,419	\$ 1,779,015	\$ 1,895,027	-0.3%
Grants	286,130	285,708	285,708	285,708	285,708	0.0%
Licenses/Permits/Fines	144,240	100,000	100,000	150,000	160,500	60.5%
Transfers/Other Sources	135,767	88,000	188,000	186,000	56,000	-36.4%
Total	\$ 2,234,328	\$ 2,373,932	\$ 2,493,127	\$ 2,400,723	\$ 2,397,235	1.0%

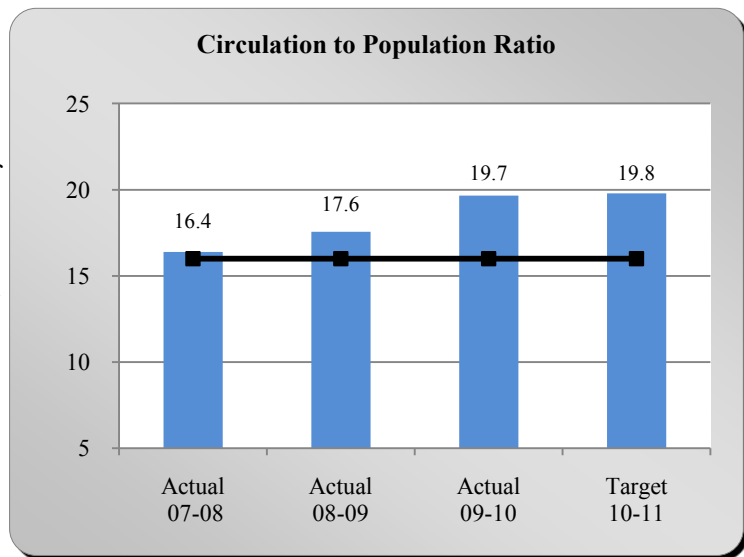
LIBRARY TRENDS

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.

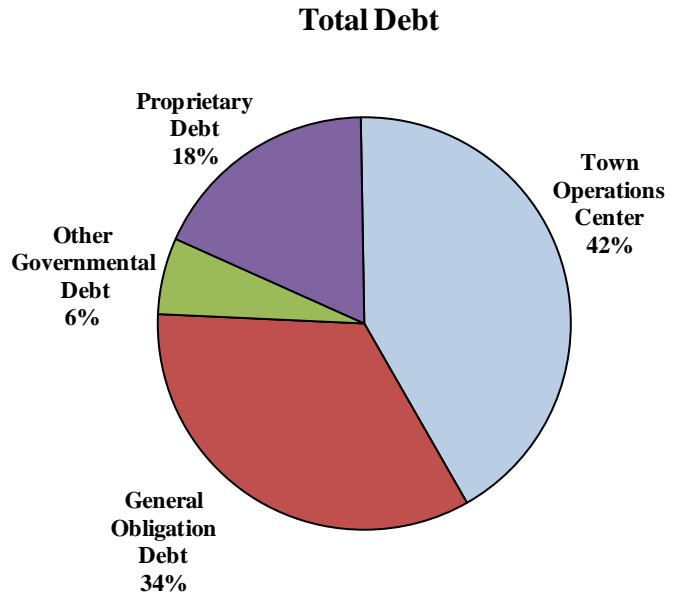
The Library has seen an increasing ratio of total circulation to Town population in recent years. Reasons for the increase include a special 4-year collection development effort to expand the collection and staff efficiencies in meeting the needs of the patrons.



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 (974,938; +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 (95,100); staffing the Information Desk with volunteers an average of 40 hours per week.	Books and materials circulated: 1,092,876 (+12%) Reference questions logged: 93,876 (-1.3%) Patron visits to the library: 393,125 (-0.01%) e-resources circulated; remote access to materials has reduced patron visits: 4383 (+57.2%)
Provide a well-balanced, up-date collection of library materials 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: 22,108 Materials were withdrawn from the collection: 14,414 Donations were added to the collection: 3,467 Total current collection: 181,086

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, 2010 the Town will have about \$51 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 \$20,405,000 at June 30, 2010. The next largest portion of debt, \$15.3 million, is in general obligation bonds. The Town has an additional \$4.9 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.

		Projected Long-Term Debt June 30, 2010
Governmental Debt		
General obligation debt	\$	15,285,000
Certificates of Participation		20,405,000
Installment debt		2,830,000
Separation allowance (est.)		280,611
Compensated absences (est.)		<u>2,171,600</u>
Total	\$	<u>40,972,211</u>
Proprietary Fund Debt		
Enterprise Funds		
Certificates of Participation	\$	4,895,000
Compensated absences (est.)		671,141
Internal Service Funds		
Motor vehicle equipment		<u>4,673,865</u>
Total	\$	<u>10,240,006</u>

Current Debt Obligations

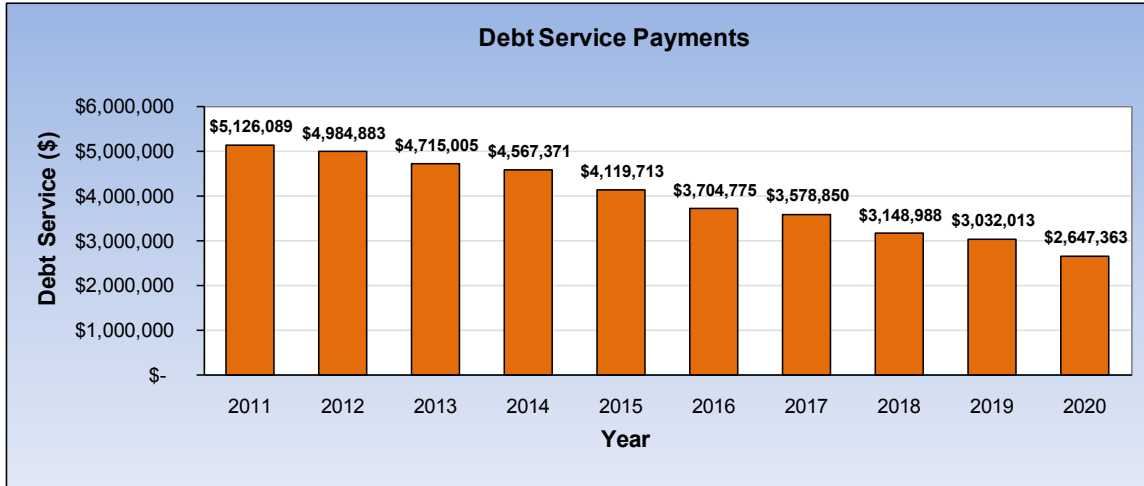
The Town's debt repayment schedule had been steady for a number of years, but beginning in 2005-06, additional new debt service costs of about \$2.5 million annually became necessary for the construction of a new Public Works facility. The Town received federal and State grant commitments sufficient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

In December of 2009, the Town issued \$4,490,000 of general obligation bonds to refund bonds issued in 1998 and 2000. The sale resulted in a savings of \$487,393 in interest costs spread over the remaining 10 year life of the bonds.

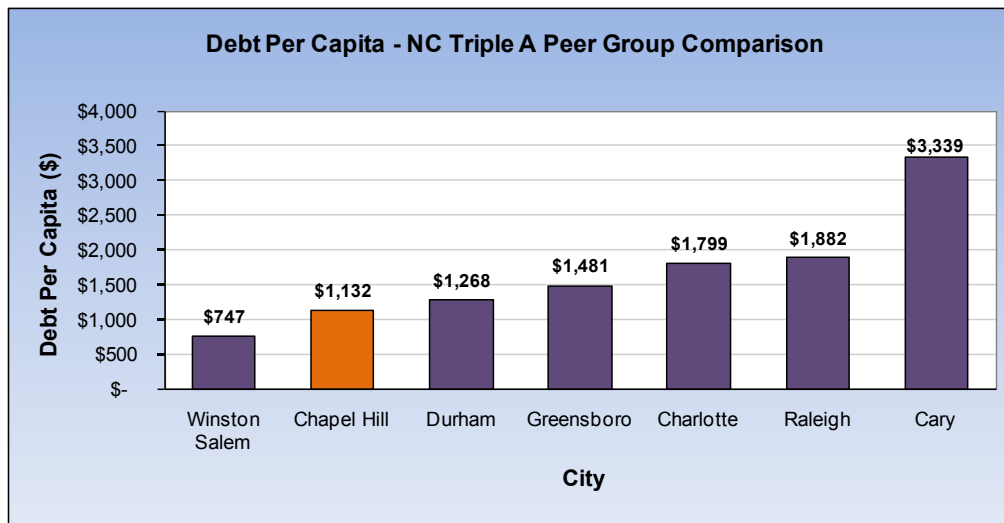
DEBT & BOND RATINGS

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 Town Library in the amount of \$16,260,000, 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 6/30/2009, 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 the fall of 2010 contingent on favorable economic conditions. The Town also anticipates the sale of up to \$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

TOWN OF CHAPEL HILL, NORTH CAROLINA	
COMPUTATION OF LEGAL DEBT MARGIN	
June 30, 2010	
Total assessed valuation at June 30, 2010	\$ <u>7,110,000,000</u>
Debt limit - 8% of total assessed value	\$ <u>568,800,000</u>
Amount of debt applicable to debt limit:	
General obligation bonds	<u>15,325,000</u>
Legal debt margin	\$ <u>553,475,000</u>

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 projected outstanding debt that applies to this limit at June 30, 2010 will total \$15,325,000 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 \$533,065,000 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 2010-11 is estimated to be about \$5.1 million, or about 9.7% 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 in recent years by increasing debt service to over 10% of the estimated budget. Our projections show that we will have debt service levels between 10% and 12% of budget for several years after the issuance of the \$20.41 million remaining authorized general obligation bonds. We

DEBT & BOND RATINGS

will continue to monitor this indicator because it is one of numerous factors used to determine the Town's credit rating.

RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS					
Fiscal Year Ended June 30	Population Estimate	Taxable Assessed Value	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Assessed Value	Net Bonded Debt Per Capita
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
2009	55,616	5,835,597,388	39,185,000	0.67	705

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 December 2009, 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 historically came from a transfer from the General Fund to the Debt Service Fund, but beginning in 2008-09, a portion of the property tax rate was allocated to debt service payments. We expect revenues in excess of expenditures of about \$628,000 and \$1,422,911 in 2009-10 and 2010-11 respectively, shown below as a "reserve for debt" to present a balanced budget. The projected reserves are the result of delaying debt that had been planned for the fall of 2008 in light of the ongoing recession. These reserved funds will be available for appropriation by the Council for future debt.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Principal Payments	\$ 4,000,000	\$ 3,990,000	\$ 8,480,000	\$ 8,480,000	\$ 3,485,000	-12.7%
Interest Expense	1,969,584	1,895,000	1,895,000	1,895,000	1,641,089	-13.4%
Issuance Expense	-	-	64,700	-	-	
Reserve for debt	395,648	558,000	558,000	628,000	1,422,911	155.0%
Total	\$ 6,365,232	\$ 6,443,000	\$ 10,997,700	\$ 11,003,000	\$ 6,549,000	1.6%

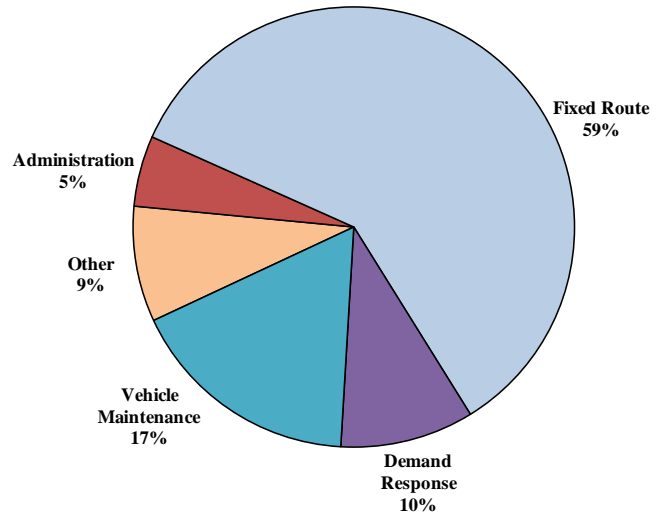
REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Property Taxes	\$ 6,353,984	\$ 6,440,000	\$ 6,440,000	\$ 6,510,000	\$ 6,546,000	1.6%
Bond Refunding Proceeds	-	-	4,490,000	4,490,000	-	N/A
Interest Income	11,248	3,000	67,700	3,000	3,000	0.0%
Total	\$ 6,365,232	\$ 6,443,000	\$ 10,997,700	\$ 11,003,000	\$ 6,549,000	1.6%

TRANSIT FUND

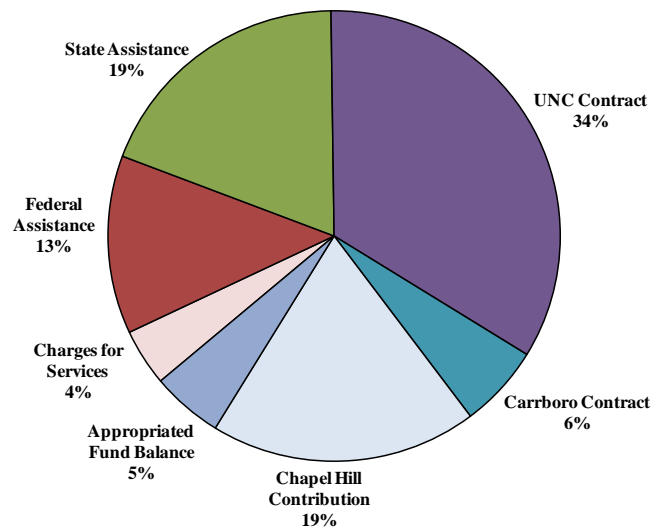
The Transit Fund is used to account for the operations of the Town's public transit system.

Transit Expenditures



Total \$17,436,483

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

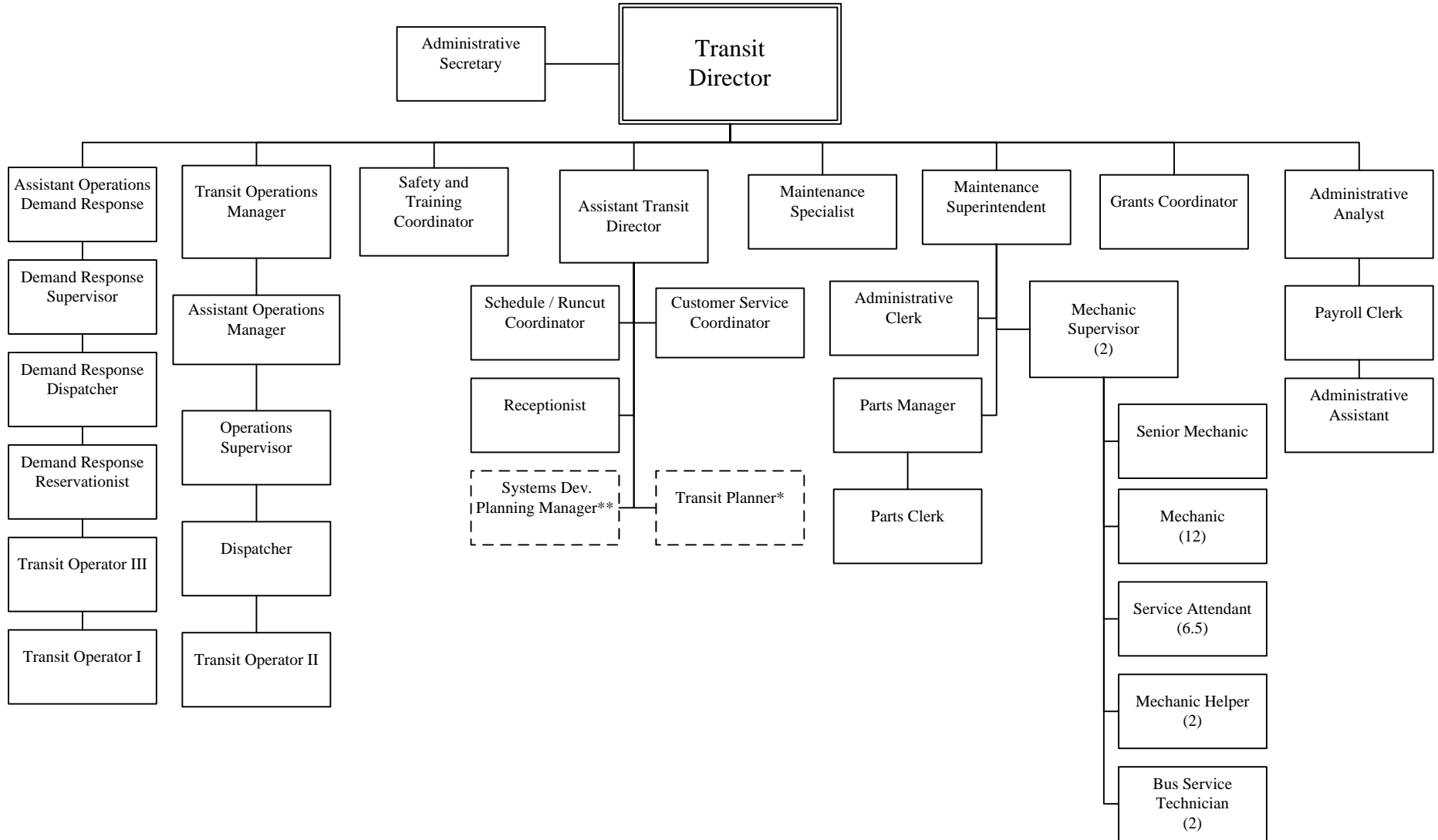
- Chapel Hill Transit provides fixed route and demand response bus service within its service area and extended service to areas such as Hillsborough and Chatham County.

- 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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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	0.00	0.00
GIS Technician	0.00	1.00	1.00
Transit Services Planner*	0.50	1.00	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	1.00	1.00
Division Totals	10.50	12.00	12.00
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	2.00
Supervisor-Transit	4.00	6.00	6.00
Coordinator-Customer Service/Operations	1.00	1.00	0.00
Transit Dispatcher	4.82	3.50	4.00
Transit Operator III (E-Z Rider Driver)	12.41	11.41	15.57
Transit Operator II (Bus Driver)	114.23	113.57	120.26
Transit Operator I (Shared Rider Driver)	3.00	3.00	1.00
Transit Reservationist	1.50	2.00	2.00
Division Totals	143.96	143.48	152.83
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	30.50	30.50	30.50
Transit Department Totals	184.96	185.98	195.33

*Unfunded Position

TRANSIT FUND

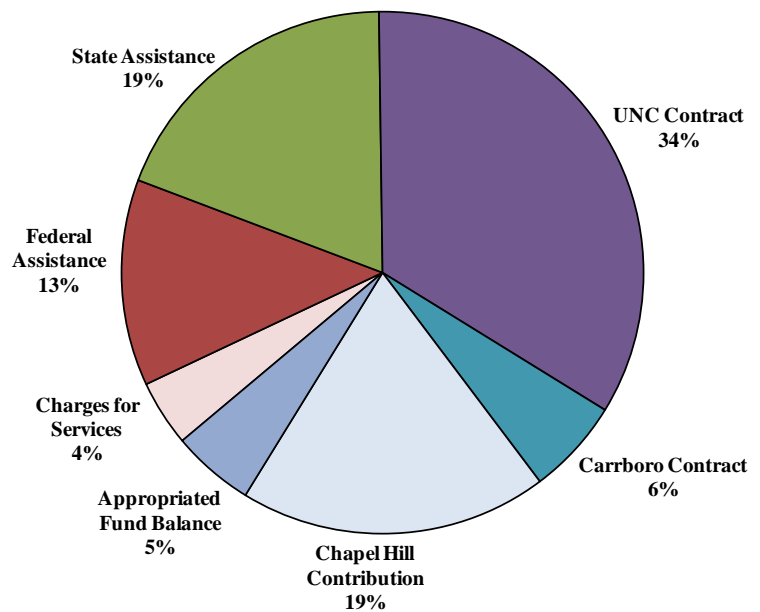
Major Revenue Sources - Descriptions and Estimates

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 2010-11 totals about \$17.4 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 2010-11.

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 slightly less than current year at \$2.2 million in 2010-11. In addition to annual operating assistance, this figure includes a direct allocation grant or STP-DA of \$325,000. The past two years, we have received a \$500,000 grant through the American Recovery and Reinvestment Act of 2009, and we are not projecting the continuation of that assistance into 2011. FY10 estimates also include \$882,000 in non-recurring grants. Additional operating grants will be sought for FY11 as opportunities arise and will be added to the budget through amendment if awarded.



State Operating Assistance

The Transit system also receives an operating assistance allocation each year from the State based on a formula involving various operating statistics for the system. The subsidy for FY10 is expected to be \$670,000 more than budgeted, and we estimate that the 2010-11 subsidy will be slightly less than the current year at \$3.3 million for 2010-11.

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 2010-11 totals about \$5.9 million, about the same as current year.

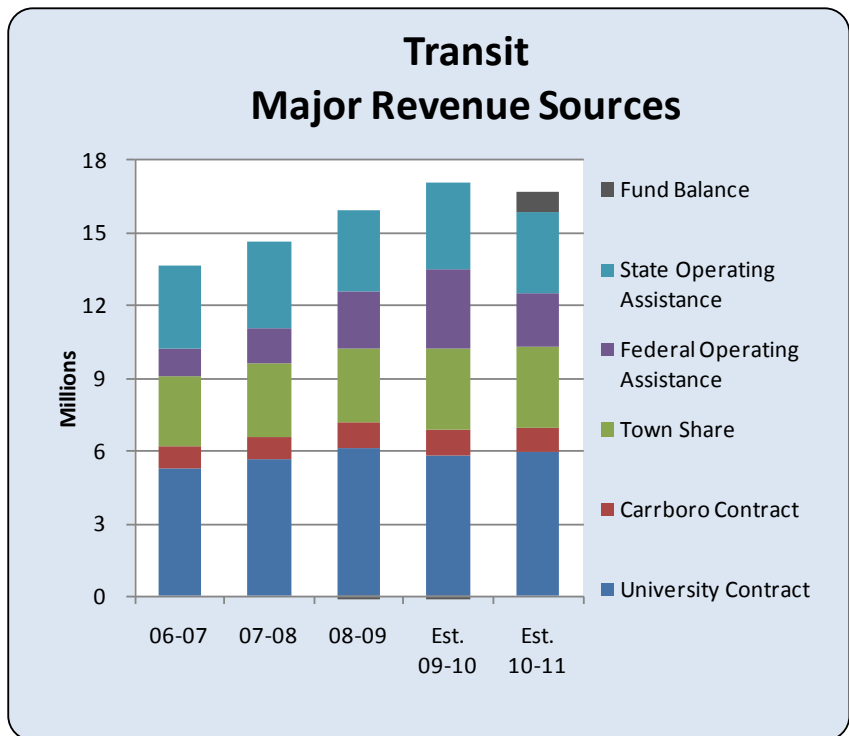
Carrboro Contract

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 both 2009-10 and 2010-11 is \$1.03 million.

Town Revenues

The Town's share of cost for the Transit system is funded primarily by a property tax levy for transit. The adopted budget for the Transit Fund in fiscal year 2010-11 includes continuation of the tax rate of 4.8 cents for budgeted tax revenue of about \$2.9 million.

Other revenues expected for the system include about \$508,000 in fares for the Tar Heel Express and other special events, \$415,000 for vehicle license fees and about \$193,000 in services for Triangle Transit Authority.



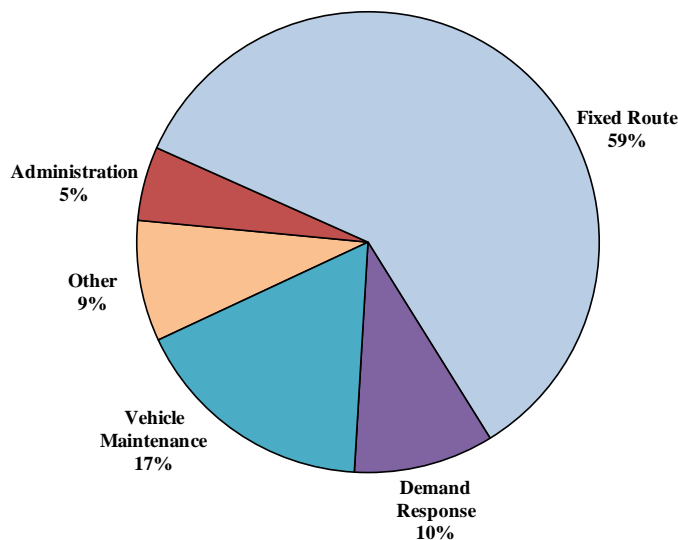
The Transit system expects revenues in excess of expenditures in FY10 of \$1.6 million, budgeted to be retained as fund balance. About \$888,000 of that fund balance is budgeted for use in FY11.

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.

Transit Expenditures



The Transit Fund budget that continues fare free services for all routes in the system totals \$17.4 million for the adopted 2010-11 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.

The pie graph at the left illustrates the portions of the recommended 2010-11 budget allocated to Fixed Route, Demand Response, Vehicle Maintenance, Administration and Other costs that include building maintenance, grant expenditures and special events. Operational costs total about \$12.2 million, Maintenance costs total about \$3.9 million and Administrative and Grants costs total about \$1.3 million.

The adopted budget for 2010-11 includes increases for the expected 13.9% increase in medical insurance for employees and retirees totaling about \$165,000, 32% increase for retirement of about \$114,000 and an allowance for employee pay adjustments. The largest increase in operating cost (at about \$120,000) is for miscellaneous contracted services across all divisions. The adopted budget does not include a fuel reserve to provide for an unexpected increase in fuel price, and does not include a transfer to the capital reserve fund for future grant matches.

TRANSIT

BUDGET SUMMARY

The adopted budget for the Transit Department supports continued fare-free service initiated during fiscal year 2001-02. The 2010-11 budget is based on the receipt of approximately \$2,886,000 in property taxes at a continuing tax rate of \$4.1 cents/\$100 valuation. The reduction in federal assistance reflects the discontinuation of the \$500,000 funded by the American Recovery and Reinvestment Act of 2009 for the past two fiscal years. State assistance is expected to increase in 2010-11 based on current funding formulas. Operations in FY10 are expected to yield a surplus of revenue over expenditures of \$1.6 million, indicated below as the negative use of fund balance, while FY11 estimates indicate the use of about \$888,000 of that savings. Please see division summaries for expenditure notations.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Admin & Non-Dept	\$ 2,079,786	\$ 1,042,553	\$ 994,764	\$ 963,921	\$ 903,396	-13.3%
Grant-Funded	611,194	989,666	2,060,869	1,609,117	406,250	-59.0%
Fixed Route	8,915,307	9,428,585	9,143,711	8,802,402	10,364,614	9.9%
Demand Response	1,294,795	1,597,823	1,520,823	1,305,690	1,710,379	7.0%
Special Events	252,053	326,044	331,282	307,276	382,230	17.2%
Vehicle Maintenance	2,661,168	2,649,088	2,711,069	2,573,745	2,983,612	12.6%
Building Maintenance	-	603,479	607,687	562,295	686,002	N/A
Total	\$ 15,814,303	\$ 16,637,238	\$ 17,370,205	\$ 16,124,446	\$ 17,436,483	4.8%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Charges for Services	\$ 570,144	\$ 619,165	\$ 619,165	\$ 692,626	\$ 715,049	15.5%
Federal Assistance	1,900,000	2,389,666	2,652,474	2,389,666	2,225,000	-6.9%
Federal Operating Grants	500,000	500,000	882,112	882,082	-	-100.0%
State Assistance	3,319,737	2,900,000	2,900,000	3,570,322	3,319,737	14.5%
UNC Contracts	6,120,571	5,957,282	5,957,282	5,828,502	5,930,168	-0.5%
Carrboro Contracts	1,075,279	1,032,825	1,032,825	1,032,825	1,032,825	0.0%
Chapel Hill Contributor	3,019,231	3,238,300	3,251,490	3,343,763	3,325,705	2.7%
Appropriated Fund Balance	(690,659)	-	74,857	(1,615,340)	887,999	N/A
Total	\$ 15,814,303	\$ 16,637,238	\$ 17,370,205	\$ 16,124,446	\$ 17,436,483	4.8%

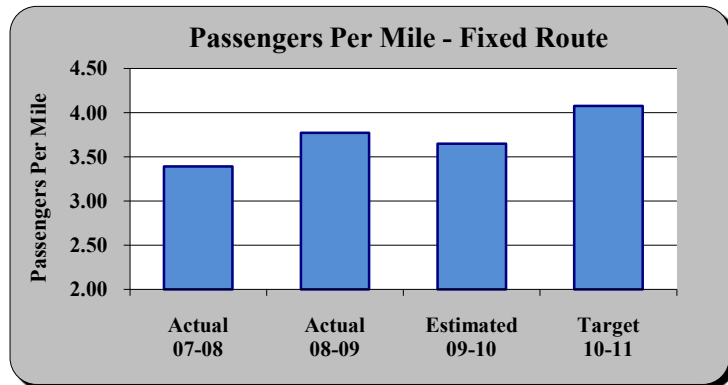
TRANSIT TRENDS

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

GOAL: Increase the efficiency and effectiveness of transit services.

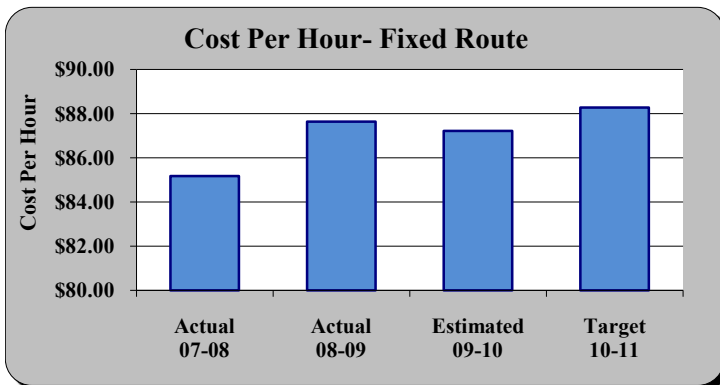
OBJECTIVE: Increase the number of passengers per mile in fixed route transit service.

In fiscal year 2009-10, the number of passengers per mile decreased by approximately 3% below 2008-2009, as the Town continued to provide fare-free service.



GOAL: Increase the efficiency and effectiveness of transit services.

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



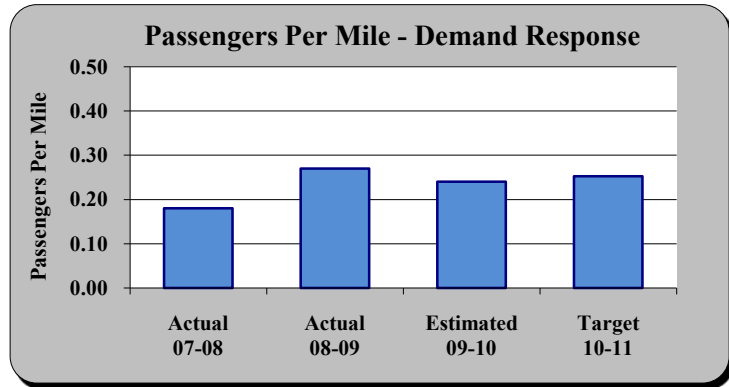
In fiscal year 2009-10, the fixed route cost per hour maintained consistent with 2008-09 at approximately \$87.00. With the target number of passengers set to increase next year, efforts are focused on maintaining the fixed route cost per hour.

TRANSIT TRENDS Cont.

GOAL: Increase the efficiency and effectiveness of transit services.

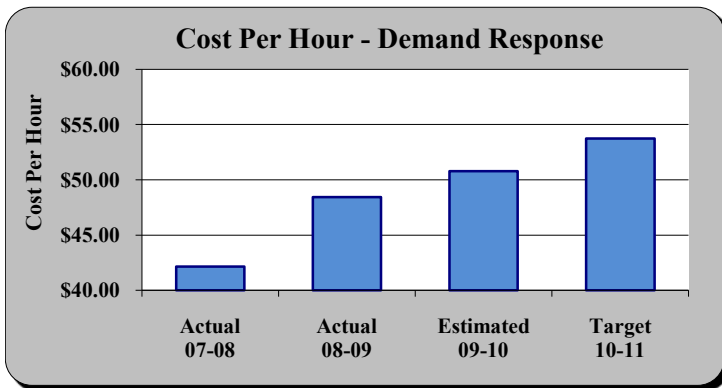
OBJECTIVE: Increase the number of passengers per mile in demand response paratransit service.

In fiscal year 2009-10, the number of passengers per mile decreased by approximately 13% below 2008-2009, as the Town continued to provide fare-free paratransit service.



GOAL: Increase the efficiency and effectiveness of transit services.

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

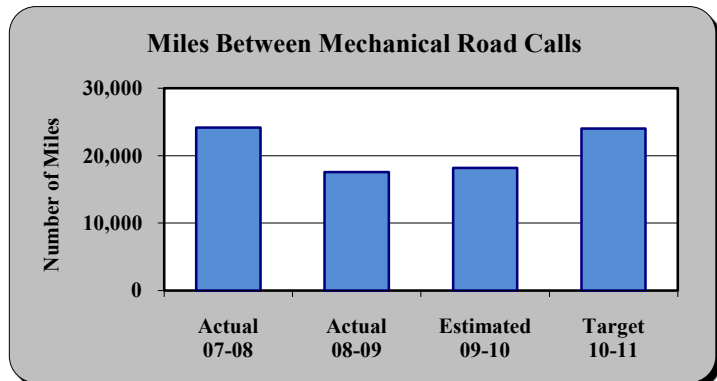


In fiscal year 2009-10, the demand response cost per hour increased 5% over 2008-09. With anticipated increases in operational costs, the 2010-11 target is to hold increases to 6% or less.

GOAL: Increase the efficiency and effectiveness of transit services.

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

In fiscal year 2009-10, the miles between road calls increased by 3%, but remained below the industry standard of 24,000 miles or more. For 2010-11, the target is to have fewer maintenance calls and an average of 24,000 miles or more between road calls that may interrupt service.



TRANSIT - ADMINISTRATION DIVISION

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

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

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

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

TRANSIT - Administration and Non-Departmental BUDGET SUMMARY

The adopted budget for the Administrative divisions of Transit reflect a 10.8% reduction in salaries based on available grant funding for administrative functions. The operating cost increase of 40.2% is comprised of increases in marketing (\$63,000) and the assumption of the regional call center costs paid by a grant in prior year (\$58,000). The adopted budget for FY11 does not include a transfer to the capital reserve fund for future grant matches.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 1,152,628	\$ 610,861	\$ 555,930	\$ 545,118	\$ 544,810	-10.8%
Operating Costs	230,238	255,849	262,991	242,960	358,586	40.2%
Transfer to Capital Reserve	696,920	175,843	175,843	175,843	-	-100.0%
Total	\$ 2,079,786	\$ 1,042,553	\$ 994,764	\$ 963,921	\$ 903,396	-13.3%

TRANSIT - Grants
BUDGET SUMMARY

A number of federal operating grants were included in the Transit Fund for FY10, including an American Recovery and Reinvestment Grant for \$500,000 for capital maintenance. The only grant included in the adopted budget for FY11 is a STP-DA Operating Grant that supports salaries. Other grants in FY10 provided for a mobility manager, a regional call center, support of specific routes and services for the elderly.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 86,424	\$ 375,211	\$ 870,552	\$ 725,713	\$ 391,250	4.3%
Operating Costs	24,770	114,455	690,317	383,404	15,000	-86.9%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 111,194	\$ 489,666	\$ 1,560,869	\$ 1,109,117	\$ 406,250	-17.0%

TRANSIT - Recovery Act
BUDGET SUMMARY

In FY 2008-09 & FY 2009-10, funding was received through the American Recovery and Reinvestment Act of 2009. Funding was used for service repair parts and other required maintenance for the current fleet.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating Costs	500,000	500,000	500,000	500,000	-	N/A
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 500,000	\$ 500,000	\$ 500,000	\$ 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 to meet the mobility goals of Chapel Hill, Carrboro and the University of North Carolina.
- Coordinate transit service with other public transit systems in the Triangle to enhance the mobility of our citizens.
- Operate demand-responsive door-to-door service for certified persons with disabilities, using lift-equipped vans and sedans.
- Operate shuttle service (Tar Heel Express) to all UNC home football and basketball games.
- Hire, train and motivate bus operators and support staff to ensure efficient, safe, on-time and courteous service to the public.

TRANSIT - Fixed Route
BUDGET SUMMARY

The adopted budget for 2010-11 reflects a 9.9% increase in expenditures overall. In addition to the full-year cost of nine transit driver positions added mid-year in FY10, the 9% increase in personnel reflects a 13.9% increase in medical insurance cost for employees and retirees, as well as a 32% increase in retirement contributions and a reserve for pay adjustments.

The 12.3% increase in operating costs is chiefly the result of an increase in fuel & tire purchases. The \$44,000 increase in fuel estimates for this division is based on both 208,000 more miles than prior year, an increase in the price of fuel, and the elimination of the fuel reserve.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 6,482,880	\$ 6,694,367	\$ 6,589,583	\$ 6,674,103	\$ 7,294,807	9.0%
Operating Costs	2,432,427	2,734,218	2,554,128	2,128,299	3,069,807	12.3%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 8,915,307	\$ 9,428,585	\$ 9,143,711	\$ 8,802,402	\$ 10,364,614	9.9%

TRANSIT - Demand Response
BUDGET SUMMARY

The adopted budget for FY11 includes increases to personnel costs for medical insurance, retirement contribution, and employee pay adjustments. The chief component of the 8% operating increase is additional employee training.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 1,013,280	\$ 1,204,815	\$ 1,124,015	\$ 985,958	\$ 1,285,222	6.7%
Operating Costs	281,515	393,008	396,808	319,732	425,157	8.2%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,294,795	\$ 1,597,823	\$ 1,520,823	\$ 1,305,690	\$ 1,710,379	7.0%

TRANSIT - Tarheel Express / Special Events

BUDGET SUMMARY

The Tarheel Express/Special Events budget adopted for 2010-11 includes a 17.2% increase over the previous year to reflect increases in employee pay and benefits and an increase in fuel. The Tarheel Express/Special Events budget is funded by fees to patrons, estimated to bring in over \$508,000 for FY11.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 196,669	\$ 230,348	\$ 230,586	\$ 218,068	\$ 266,184	15.6%
Operating Costs	55,384	95,696	100,696	89,208	116,046	21.3%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 252,053	\$ 326,044	\$ 331,282	\$ 307,276	\$ 382,230	17.2%

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 13.9% increase in medical insurance and 32% increase in retirement for Vehicle Maintenance are largely mitigated in the adopted budget by the availability of \$58,000 from the STP-DA operating grant. The 50% increase in operating costs reflects a \$386,000 increase in Maintenance and Repairs, \$36,000 in maintenance supplies and \$34,000 in Miscellaneous Contracted Services. Many prior year expenses were paid by ARRA grants of \$500,000 for the past two years. These ARRA grants are not recurring in FY11.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 1,584,577	\$ 1,669,612	\$ 1,667,978	\$ 1,644,796	\$ 1,709,577	2.4%
Operating Costs	1,076,591	979,476	1,043,091	928,949	1,274,035	30.1%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 2,661,168	\$ 2,649,088	\$ 2,711,069	\$ 2,573,745	\$ 2,983,612	12.6%

TRANSIT - Building Maintenance

BUDGET SUMMARY

The adopted budget for Transit's Building Maintenance division reflects the change in medical insurance, retirement and allowance for employee pay adjustment. The 15.6% increase in operating costs is largely comprised of \$16,000 for the Carrboro Park & Ride lease, \$11,000 for cellular charges for the automatic vehicle locator system, \$29,000 in miscellaneous contracted services and \$16,000 in software costs.

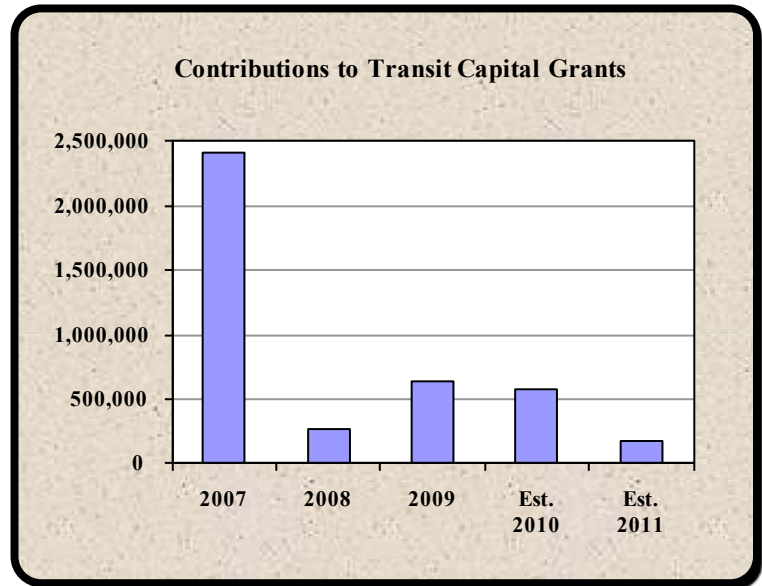
EXPENDITURES

	2008-09	2009-10	2009-10		2010-11	% Change
	Actual	Original	Revised	2009-10	Adopted	from
		Budget	Budget	Estimated	Budget	2009-10
Personnel	\$ -	\$ 92,357	\$ 92,557	\$ 92,366	\$ 95,287	3.2%
Operating Costs	-	511,122	515,130	469,929	590,715	15.6%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ -	\$ 603,479	\$ 607,687	\$ 562,295	\$ 686,002	13.7%

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. Grant matches in FY10 are estimated to be about \$575,000, and the adopted budget for 2010-11 includes the use of \$175,000 of fund balance. There is no contribution to the fund budgeted for FY11.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Contribution to Capital Grant Reserve	\$ 643,167 73,165	\$ 174,341 27,302	\$ 400,000 27,302	\$ 575,000 18,600	\$ 175,000 -	0.4% -100.0%
Total	\$ 716,332	\$ 201,643	\$ 427,302	\$ 593,600	\$ 175,000	-13.2%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Interest Income	\$ 6,912	\$ 25,000	\$ 25,000	\$ 2,600	\$ -	-100.0%
Other Income	12,500	800	800	16,000	-	-100.0%
Transfer from Transit Fund	696,920	175,843	175,843	175,843	-	-100.0%
Appropriated Fund Balance	-	-	225,659	399,157	175,000	N/A
Total	\$ 716,332	\$ 201,643	\$ 427,302	\$ 593,600	\$ 175,000	-13.2%

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

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

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 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, 2010
2006-07 Transit Capital Grant	\$733,120	\$-0-

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, 2010
2006-07 Transit Capital and Planning Grant	\$844,140	\$844,140

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

2007-08 Transit Capital and Planning Grant

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

	Project Budget	Estimated Expenditures Through June 30, 2010
2007-08 Transit Capital and Planning Grant	\$633,143	\$438,143

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, 2010
2007-08 Transit Capital Grant	\$2,870,000	\$2,783,000

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, 2010
2007-08 Transit Capital Grant	\$3,750,000	\$3,745,777

TRANSIT CAPITAL GRANT PROJECT ORDINANCES

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	\$486,538

2008-09 Capital and Planning

The project ordinance for the fiscal year 2008-09 Section 5307 capital grant was adopted on June 22, 2009. Funds are being used to continue the on-going lease obligation for a park-ride facility at Carrboro Plaza, re-design the Chapel Hill Transit web page, purchase and repair bus shelters, provide repairs and maintenance at park and ride lots served by the Chapel Hill Transit and to conduct transit planning activities.

	Project Budget	Estimated Expenditures Through June 30, 2009
2008-09 Transit Capital and Planning Grant	\$189,520	\$186,000

2008-09 Capital Grant

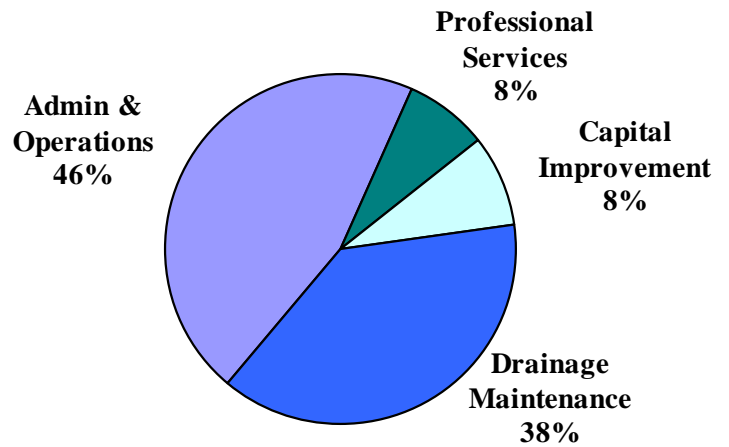
The project ordinance for the fiscal year 2008-09 Section 5307 capital grant received under the American Recovery and Reinvestment Act of 2009 was adopted on June 22, 2009. Funds are being used to purchase 2 replacement hybrid buses, 8 replacement paratransit vehicles, 1 service truck, bus stop shelters with lighting and computer hardware and software for the fleet inventory system.

	Project Budget	Estimated Expenditures Through June 30, 2009
2008-09 Transit Capital Grant	\$1,714,867	\$1,665,000

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 \$2,068,519

PUBLIC WORKS-STORMWATER MANAGEMENT

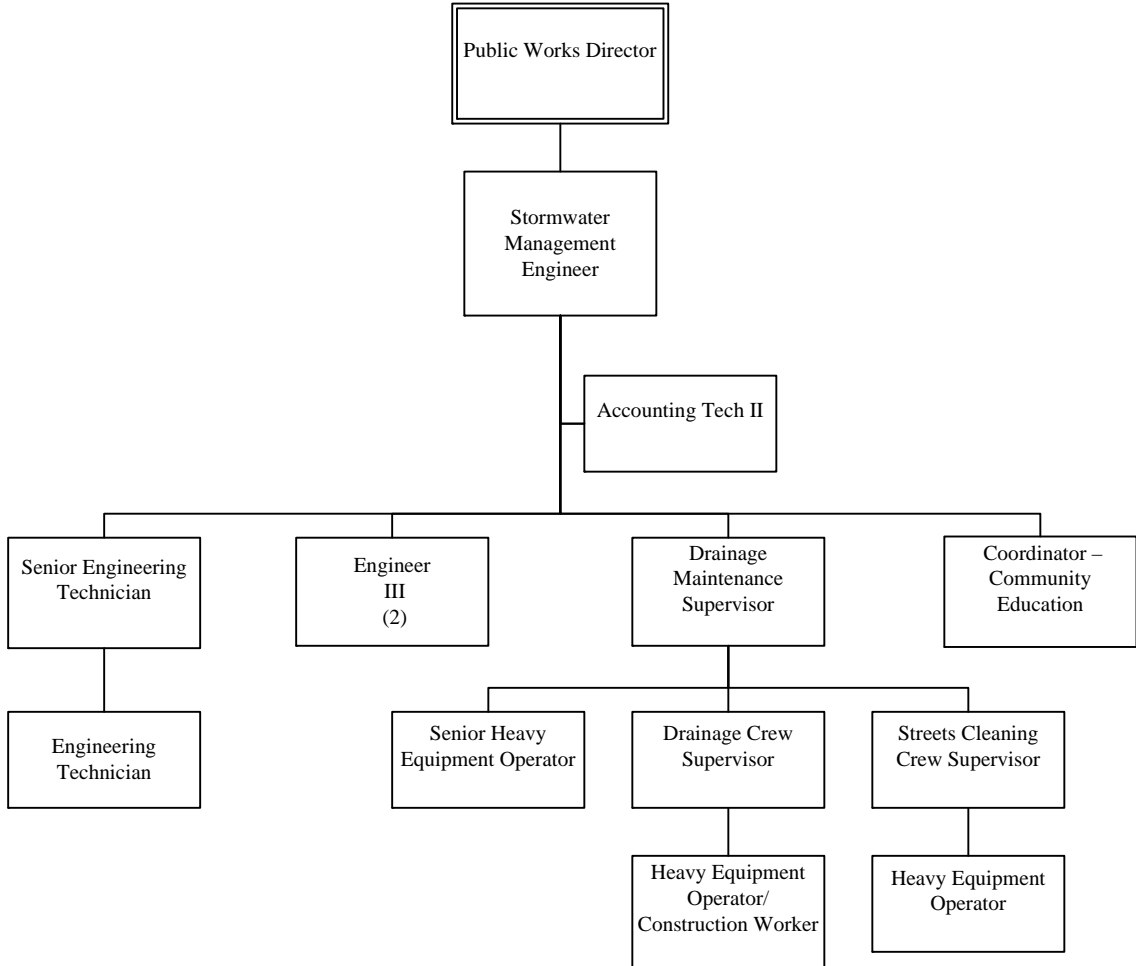
MISSION STATEMENT:

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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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	1.00	1.00	1.00
Supervisor-Drainage Crew	1.00	1.00	1.00
Supervisor-Streets Cleaning Crew	1.00	1.00	1.00
Heavy Equipment Operator	0.00	0.00	2.00
Construction Worker (Levels I-IV)	4.00	4.00	2.00
Unit Totals	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>
 Stormwater Management Fund Totals	 <u>14.00</u>	 <u>14.00</u>	 <u>14.00</u>

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

STORMWATER MANAGEMENT FUND

Major Revenue Sources - Descriptions and Estimates

In order to continue to enhance stormwater management services currently provided by the Town, and to implement stormwater management activities necessary to comply with State and federal regulations, the Town established a Stormwater Management Fund in 2004-05. Stormwater management activities are funded by a fee charged to property owners based on the amount of impervious surface area on a property. The 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 2010-11. The 2010-11 budget is balanced with the use of about \$363,000 in fund balance.

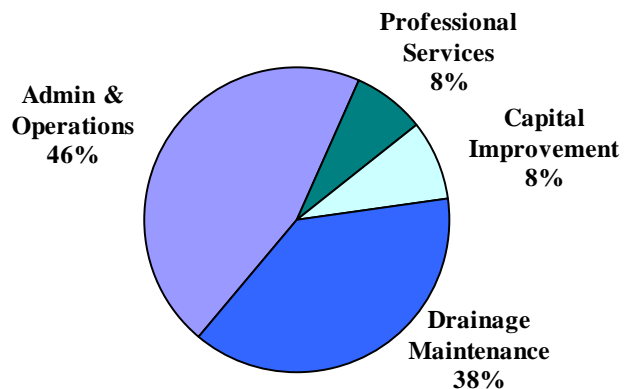
Major Expenditures and Estimates

The adopted budget for 2010-11 totals \$2,068,519. 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 2010-11 budget reflects Stormwater Management's continued control over the Drainage division for conducting stormwater-related drainage and maintenance projects.

The \$175,000 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 2010-11 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 13.9% increase in medical insurance costs, an increase in the state retirement contribution, reserve for pay adjustments and provide for continuation of work on the Master Plan. Operating expenditures decreased overall in response to decreases in costs associated with Master Plan development. The budget includes planned capital drainage projects totaling \$175,000. The budget is balanced with the use of about \$363,000 in fund balance, which accounts for a decrease in revenues from the previous year's budget.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 945,907	\$ 1,005,575	\$ 1,005,575	\$ 960,833	\$ 1,078,516	7.3%
Operating Costs	816,917	898,161	1,149,178	889,447	815,003	-9.3%
Capital Outlay	-	150,000	714,964	600,000	175,000	16.7%
Total	\$ 1,762,824	\$ 2,053,736	\$ 2,869,717	\$ 2,450,280	\$ 2,068,519	0.7%

REVENUES

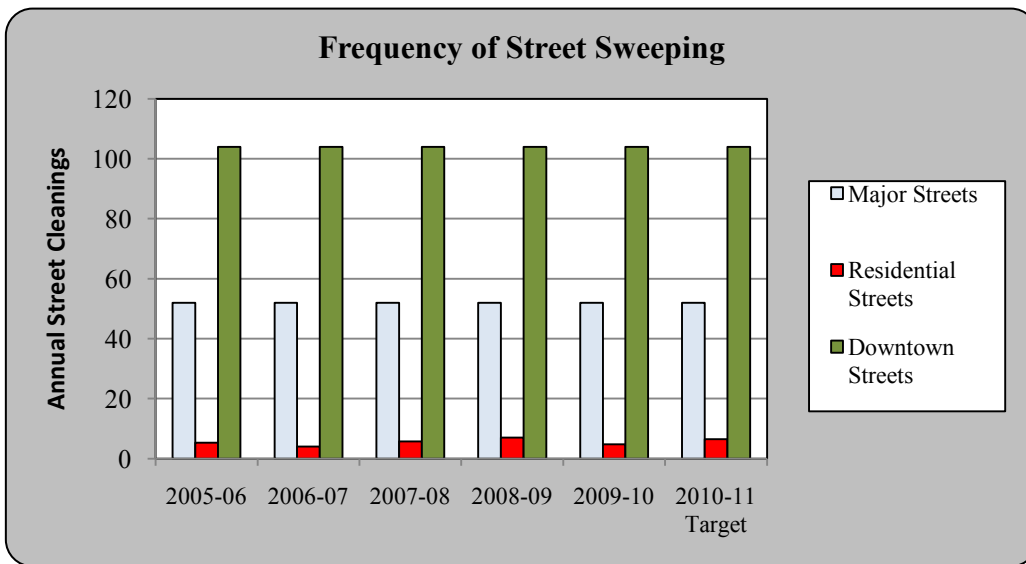
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Stormwater Fees	\$ 1,740,870	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	0.0%
Fee Exemption	(5,251)	(4,500)	(4,500)	(4,956)	(5,000)	N/A
Transfer from General Fund	5,251	4,500	4,500	4,500	5,000	11.1%
Interest Income	12,969	8,000	8,000	5,000	5,000	-37.5%
Other Income	4,500	3,600	3,600	-	-	-100.0%
FEMA Grant	15,295	-	-	-	-	N/A
Appropriated Fund Balance	(10,810)	342,136	1,158,117	745,736	363,519	6.2%
Total	\$ 1,762,824	\$ 2,053,736	\$ 2,869,717	\$ 2,450,280	\$ 2,068,519	0.7%

STORMWATER MANAGEMENT TRENDS

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

GOAL: *To sweep 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 Sweeping. Street sweeping on major streets and streets in the Downtown area occurred once per week and twice per week, respectively, each year from 2005-06 to 2009-10. Residential street sweeping decreased in frequency from 7 cycles per year in 2008-09 to 4.75 cycles in 2009-10 due to unanticipated, prolonged downtime of one of the Division's two sweeper trucks.



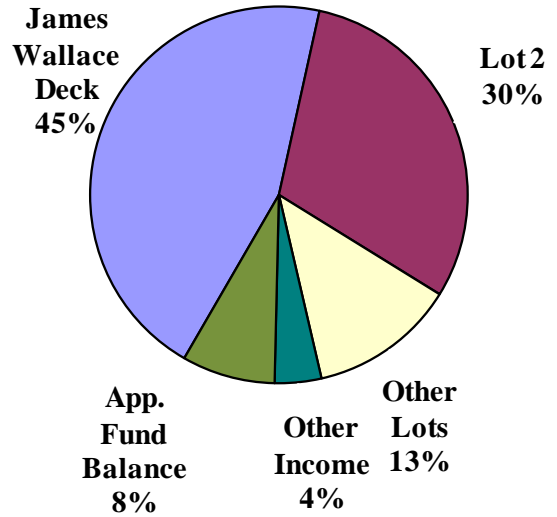
PARKING SERVICES

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.

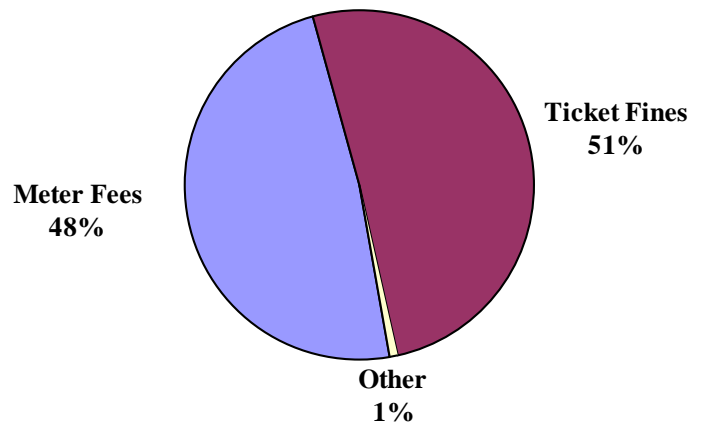
Off-Street Parking Revenues



On-Street Parking

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

On-Street Parking Revenues



PARKING SERVICES

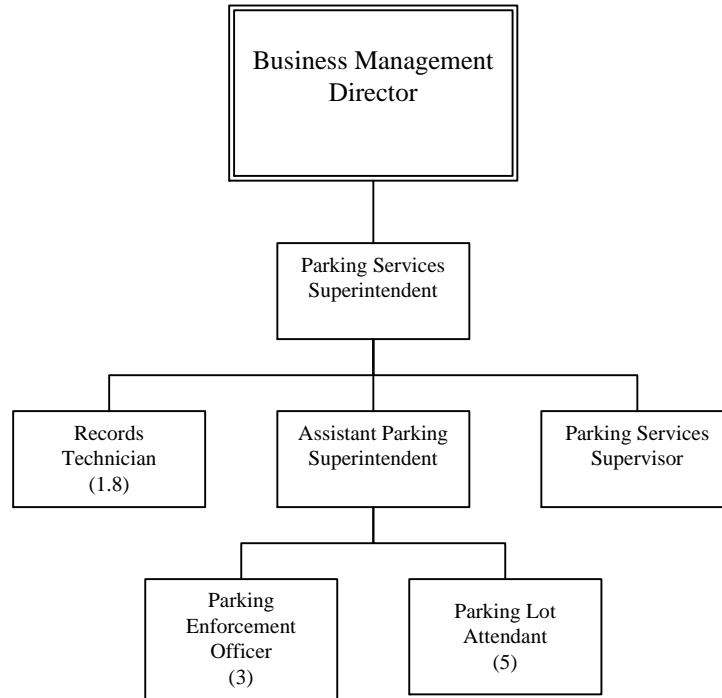
MISSION STATEMENT:

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

	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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
P arking Fund Totals	<u>12.80</u>	<u>12.80</u>	<u>12.80</u>

Note: Parking Services is supervised by the Business Management Director

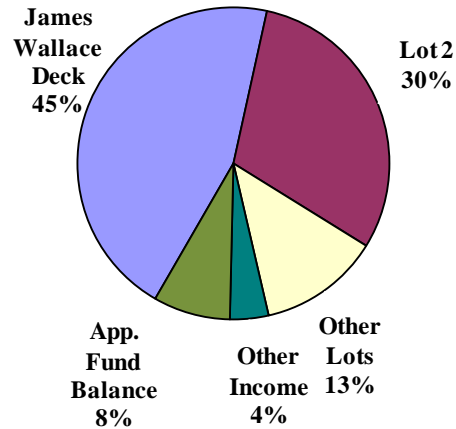
PARKING FUNDS

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 \$1,426,782 for 2010-11, 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 \$646,000, or 45% of total off-street parking revenues, is budgeted from the James Wallace Deck and about \$435,000, or 30%, is budgeted from Lot 2 at the corner of Rosemary and Columbia Streets.

Off-Street Parking Revenues



Construction of a mixed use development on the Lot 5 site is slated to begin after June 2010. As a result, the Town expects reduced annual revenues for Lot 5 totaling about \$247,000. Replacement parking during the period of construction is planned, 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 2010-11 of \$596,000, has two major revenue sources: parking meter fees and parking ticket fines. Meter fees are estimated to generate about \$289,000 and parking ticket fines about \$302,500 in 2010-11. Parking ticket fines are down approximately 20% due to the implementation of a courtesy ticket program that was instituted at the beginning of FY2009-10.

Major Expenditures and Estimates

The primary expenditures of the Off-Street Parking Fund include the costs of personnel to manage the lots (approximately \$404,000) and payments for principal and interest on the James Wallace Deck and other lots. The budget for FY11 will require a use of fund balance of \$109,452 due to the loss of revenues from the closing of Lot 5. It is anticipated that the fund will return to break-even after the completion of the Lot 5 project in FY2011-12.

The On-Street Parking Fund includes expenditures primarily for the personnel to administer and collect meter revenues and parking tickets, about \$324,000. The budget of \$596,000 includes an increase in medical insurance and a transfer of \$86,222 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

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
On-Street Parking	\$ 615,698	\$ 650,000	\$ 660,941	\$ 515,741	\$ 596,000	-8.3%
Off-Street Parking	1,195,392	1,475,780	1,515,986	1,489,076	1,426,782	-3.3%
Total	\$ 1,811,090	\$ 2,125,780	\$ 2,176,927	\$ 2,004,817	\$ 2,022,782	-4.8%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
On-Street Parking	\$ 615,698	\$ 650,000	\$ 660,941	\$ 515,741	\$ 596,000	-8.3%
Off-Street Parking	1,195,392	1,475,780	1,515,986	1,489,076	1,426,782	-3.3%
Total	\$ 1,811,090	\$ 2,125,780	\$ 2,176,927	\$ 2,004,817	\$ 2,022,782	-4.8%

ON-STREET PARKING BUDGET SUMMARY

The adopted budget for On-Street Parking reflects a 8.3% decrease in revenues from parking meter fees and tickets due to the implementation of a courtesy ticket program at the beginning of FY2009-10. The budget also includes a medical insurance increase of 13.9%, reflected by the increase in administration expenses.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Enforcement:						
Personnel	\$ 271,377	\$ 316,896	\$ 316,896	\$ 311,175	\$ 324,171	2.3%
Operations	111,099	142,340	147,458	131,122	137,613	-3.3%
Meters:						
Personnel	55,186	39,954	39,954	39,596	42,618	6.7%
Operations	7,073	5,376	11,199	11,199	5,376	0.0%
Transfer to General Fund	170,963	145,434	145,434	22,649	86,222	-40.7%
Total	\$ 615,698	\$ 650,000	\$ 660,941	\$ 515,741	\$ 596,000	-8.3%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Parking Meter Fees	\$ 287,460	\$ 273,000	\$ 273,000	\$ 282,800	\$ 289,000	5.9%
Parking Ticket Fines/Fees	327,182	372,500	372,500	222,000	302,500	-18.8%
Interest Income	1,056	4,500	4,500	-	4,500	0.0%
Appropriated Fund Balance	-	-	10,941	10,941	-	N/A
Total	\$ 615,698	\$ 650,000	\$ 660,941	\$ 515,741	\$ 596,000	-8.3%

OFF-STREET PARKING BUDGET SUMMARY

The adopted budget for Off-Street Parking for 2010-11 reflects a 3.3% decrease in revenues overall. This decrease is due to the elimination of revenues for Lot 5 based on the anticipated start of the Lot 5 Development Project in June of 2010. Expenditures also decreased from the previous year, reflecting a 33.6% decrease in administration expenses due to a reduction in the amount of contribution to reserve. The adopted budget also includes a medical insurance increase of 13.9%.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
James Wallace Deck	\$ 275,978	\$ 403,845	\$ 325,845	\$ 308,156	\$ 562,506	39.3%
Parking Lots	326,449	325,418	443,486	389,908	368,559	13.3%
Administration	592,965	746,517	746,655	791,012	495,717	-33.6%
Total	\$ 1,195,392	\$ 1,475,780	\$ 1,515,986	\$ 1,489,076	\$ 1,426,782	-3.3%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
James Wallace Deck	\$ 623,769	\$ 651,400	\$ 651,400	\$ 620,000	\$ 646,300	-0.8%
Lot 2	413,996	465,000	465,000	385,000	435,000	-6.5%
Lot 3	75,567	70,000	70,000	77,251	80,000	14.3%
Lot 4	10,710	33,600	33,600	18,700	35,000	4.2%
Lot 5	281,601	114,300	114,300	274,035	-	-100.0%
Lot 6	12,840	14,280	14,280	13,350	14,280	0.0%
Craig Lot	4,250	73,000	73,000	37,300	50,000	-31.5%
Interest Income	20,060	48,000	48,000	48,000	50,000	4.2%
Miscellaneous Income	6,624	6,200	6,200	7,100	6,750	8.9%
Appropriated Fund Balance	(254,025)	-	40,206	8,340	109,452	N/A
Total	\$ 1,195,392	\$ 1,475,780	\$ 1,515,986	\$ 1,489,076	\$ 1,426,782	-3.3%

PARKING TRENDS

Parking Services was one of the service areas that was targeted in phase 1 of the Performance Measures Program. The measures identified are all new, therefore no historic data is available. Future budget documents will include graphs for the measures stated below.

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

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

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

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

OBJECTIVE: To maintain an average meter downtime rate of 2% or less.

ADDITIONAL DETAIL	Actual 07-08	Actual 08-09	Budget 09-10	Actual 08-09	Actual 09-10	Change from Prior Year
PARKING REVENUES	\$ 2,169,813	\$ 2,059,121	\$ 2,138,030	\$ 2,059,121	\$ 1,936,604	-5.9%
Revenue/Space/Day						
Rosemary Deck	\$ 5.75	\$ 6.64	\$ 7.03	\$ 6.64	\$ 6.44	-3.0%
Lot 2	12.47	13.35	14.90	13.35	12.57	-5.8%
Lot 3	4.14	3.84	3.59	3.84	3.91	1.8%
Lot 4	4.12	2.21	6.47	2.21	0.12	-94.6%
Lot 5	5.92	5.50	4.51	5.50	5.60	1.8%
Lot 6	3.39	3.53	3.97	3.53	2.96	-16.1%
Meters	3.97	4.50	3.51	4.50	3.78	-16.0%
Turnover						
Rosemary Deck	1.59	2.36	--	2.36	2.23	-5.5%
Lot 2	4.71	5.62	--	5.62	5.05	-10.1%
Citation Collection Rates						
Number Citations Issued	18,731	17,136	--	17,136	16,977	-0.9%
Number Citations Collected*	20,280	16,570	--	16,570	11,125	-32.9%
\$ Value Collected Citations	\$395,790	\$371,686	--	\$371,686	\$255,593	-31.2%
% of Citations Paid Vs. Issued*	108.3%	96.7%	--	97%	66%	-32.2%

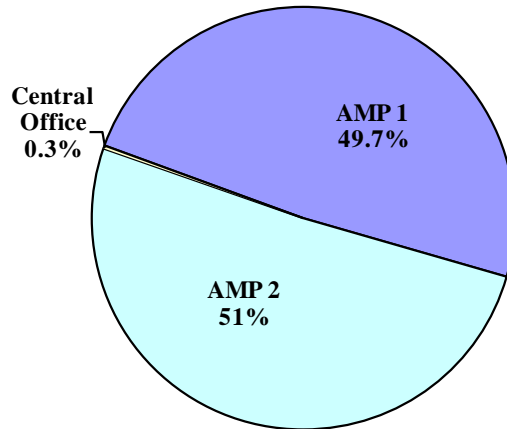
* Includes Delinquent Collections

PUBLIC HOUSING FUND

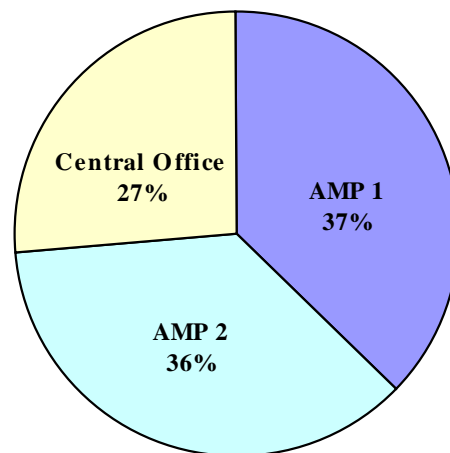
The Public Housing Fund is used to account for federal grants restricted for the Town's public housing programs.

HUD's funding model changed significantly in 2007-08. Under the new funding formula, the Town's 13 public housing sites are separated 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

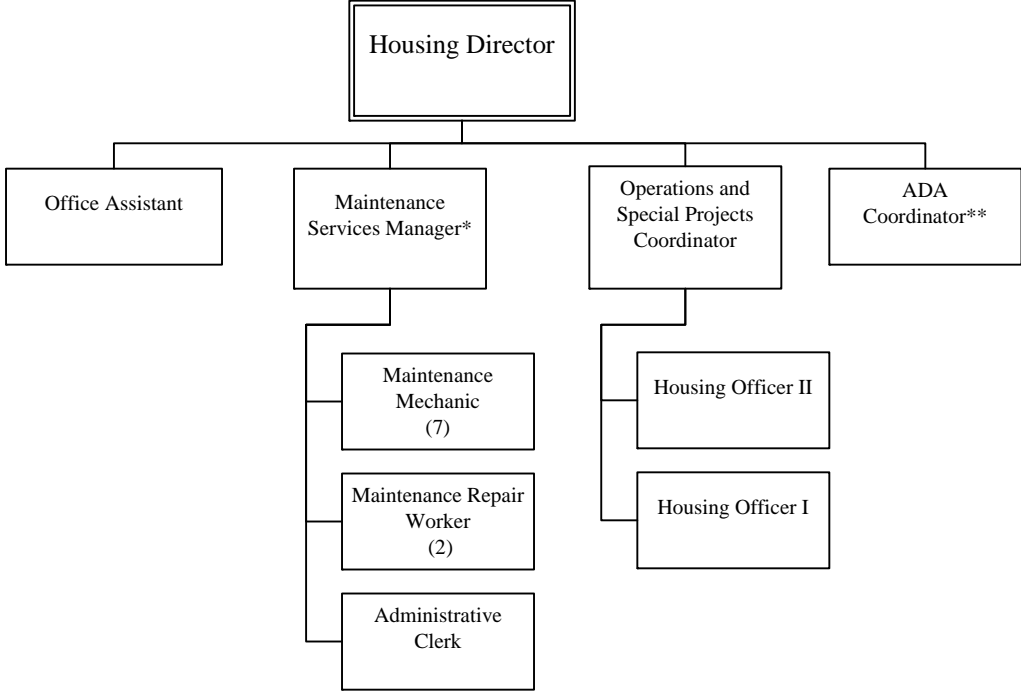
MISSION STATEMENT:

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



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

**ADA Coordinator position is grant-funded.

PUBLIC HOUSING
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2008-09	2009-10	2010-11
	ADOPTED	ADOPTED	ADOPTED
Administration			
Director-Housing	1.00	1.00	1.00
Operations and Special Projects Coordinator	1.00	1.00	1.00
Housing Budget Officer ¹	1.00	1.00	0.00
Office Assistant	1.00	1.00	1.00
ADA/Section 504 Coordinator ²	1.00	1.00	1.00
Division Totals	5.00	5.00	4.00
Maintenance³			
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	11.00	11.00	11.00
Resident Services			
Housing Officer II	1.00	1.00	1.00
Housing Officer I	1.00	1.00	1.00
Division Totals	2.00	2.00	2.00
Housing Department Totals	18.00	18.00	17.00

¹ The Housing Budget Officer position was changed to "Accountant" and moved to Finance mid-year FY10.

² Grant-funded position.

³ 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 temporarily allowed to opt out of Asset Management for 2008-09, and doing so provided additional funding from HUD for the Town. HUD has since continued to provide the exception to smaller units, one a year at a time. We have no indication that "opting out" will continue permanently, and so have prepared the budget under the Asset Management model to provide continuity until further HUD pronouncements.

At the time of printing this document, we have received notification of funding only through May 2010, so we do not know the full allocation from HUD for fiscal year 2010. Based on interim allocations, our estimate of HUD's subsidy for 2009-10 is \$1,413,158, a 3% increase over the FY09 subsidy of \$1,371,614. The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at about \$363,000, about the same as budgeted in 2009-10.

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.

The transfers from the AMPs to the Central Office totaling \$258,594 are shown as revenue to the Central Office and an expense to the AMP's. The adopted budget for fiscal year 2010-11 net of the transfers remains at about \$1.67 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 \$914,000 for salaries, \$141,000 for utilities, \$83,000 for liability and flood insurance and about \$300,000 for maintenance of the units. The personnel costs include a 13.9% increase in medical insurance and 32% increase in the Town's retirement contribution for employees. The budget is balanced by holding open a vacant maintenance position in FY11 and by reductions in fuel, unemployment, and other operating costs.

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	\$262,394
AMP 1	697,083
AMP 2	<u>714,263</u>
Total	<u>\$1,673,740</u>

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 in 2007-08. The new model requires the Central Office to be funded by fees charged to the projects or "AMPs", which have been supplemented in prior years by a transfer from the General Fund. HUD Contributions have been greater than anticipated in the first two years that the AMPs have been funded individually, and HUD has waived many Asset-based requirements for housing authorities of our size, so the budget for 2010-11 does not include the transfer from the General Fund.

REVENUES

	2008-09	2009-10	2009-10	2010-11	% Change
	Actual	Original	Estimated	Adopted	from
		Budget		Budget	2009-10
AMP 1					
HUD Contributions	\$ 661,217	\$ 510,000	\$ 652,544	\$ 589,195	15.5%
Rental Revenue	230,584	233,500	226,712	229,000	-1.9%
Other Revenues	50	250	150	150	-40.0%
Appropriated Fund Balance	58,331	-	-	-	N/A
Total AMP 1	\$ 950,182	\$ 743,750	\$ 879,406	\$ 818,345	10.0%
AMP 2					
HUD Contributions	\$ 710,397	\$ 588,770	\$ 760,614	\$ 697,845	18.5%
Rental Revenue	184,659	159,000	152,702	153,500	-3.5%
Other Revenues	275	250	837	250	0.0%
Appropriated Fund Balance	-	-	-	-	N/A
Total AMP 2	\$ 895,331	\$ 748,020	\$ 914,153	\$ 851,595	13.8%
Central Office Cost Center					
Interest Income	\$ 10,257	\$ 4,123	\$ 5,100	\$ 3,800	-7.8%
Transfer from General Fund	-	176,000	-	-	-100.0%
Internal Transfers	-	262,292	262,292	258,594	-1.4%
Appropriated Fund Balance	486,109	-	-	-	N/A
Total Central Office	\$ 496,366	\$ 442,415	\$ 267,392	\$ 262,394	-40.7%
Total Revenues	\$ 2,341,879	\$ 1,934,185	\$ 2,060,951	\$ 1,932,334	-0.1%

PUBLIC HOUSING

BUDGET SUMMARY - NEW BUDGETING MODEL

The adopted budget for FY11 includes increases for employee medical insurance and retirement, and is balanced by holding a maintenance position vacant. Revenues are expected to exceed expenditures, with the difference shown as "contribution to reserves" below in order to present a balanced budget. The reserve for all divisions is estimated at \$254,242 for FY10 and \$40,229 for FY11.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
AMP 1					
Division Budget	\$ 950,182	\$ 598,360	\$ 558,345	\$ 647,967	8.3%
Internal Transfers	-	122,129	122,129	121,262	-0.7%
Contribution to Reserves		23,261	198,932	49,116	111.2%
Total	\$ 950,182	\$ 743,750	\$ 879,406	\$ 818,345	10.0%
AMP 2					
Division Budget	\$ 830,370	\$ 607,857	\$ 591,503	\$ 626,471	3.1%
Internal Transfers		140,163	140,163	137,332	-2.0%
Contribution to Reserves	64,961	-	182,487	87,792	N/A
Total	\$ 895,331	\$ 748,020	\$ 914,153	\$ 851,595	13.8%
Central Office Cost Center					
Division Budget	\$ 496,366	\$ 442,415	\$ 394,569	\$ 359,073	-18.8%
Contribution to Reserves		-	(127,177)	(96,679)	N/A
Total	\$ 496,366	\$ 442,415	\$ 267,392	\$ 262,394	-40.7%
Total Expenses	\$ 2,341,879	\$ 1,934,185	\$ 2,060,951	\$ 1,932,334	-0.1%

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	Initially set for implementation in second year after project-based accounting

The 2007-08 budget was the first to be established under the new reporting model, and funding has been allocated to the Town based on asset management projects. Since the initial plan was issued, HUD has temporarily allowed public housing units with fewer than 400 units to “opt out” of asset management, combining all operations into one project. We have continued to present the budget in separate projects to maintain historical continuity when HUD eliminates that exemption.

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

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.

EXPENDITURES

	AMP Budget	Interfund Transfers	2010-11 Adopted Budget
Personnel	\$ 337,347	\$ -	\$ 337,347
Operating	310,620	-	310,620
Central Office Fees	-	121,262	121,262
Total	\$ 647,967	\$ 121,262	\$ 769,229

REVENUES

	AMP Budget	Interfund Transfers	2010-11 Adopted Budget
HUD Subsidy	\$ 589,195	\$ -	\$ 589,195
Rental Revenues	229,000	-	229,000
Other Income	150	-	150
Total	\$ 818,345	\$ -	\$ 818,345

NET PROFIT/(LOSS) \$ 170,378 \$ (121,262) \$ 49,116

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	2010-11 Adopted Budget
Personnel	\$ 338,814		\$ 338,814
Operating	287,657		287,657
Central Office Fees		137,332	137,332
Total	\$ 626,471	\$ 137,332	\$ 763,803

REVENUES

	AMP 2 Budget	Interfund Transfers	2010-11 Adopted Budget
HUD Subsidy	\$ 697,845	\$ -	\$ 697,845
Rental Revenues	153,500	-	153,500
Other Income	250	-	250
Total	\$ 851,595	\$ -	\$ 851,595

NET PROFIT/(LOSS) \$ 225,124 \$ (137,332) \$ 87,792

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 funded by fees charged to the AMPs as established by HUD's Asset Based Management, supplemented by \$96,000 from fund balance.

EXPENDITURES

	Central Office Budget	Interfund Transfers	2010-11 Adopted Budget
Personnel	\$ 238,153	\$ -	\$ 238,153
Operating	120,920	-	120,920
Central Office Fees	-	-	-
Total	\$ 359,073	\$ -	\$ 359,073

REVENUES

	Central Office Budget	Interfund Transfers	2010-11 Adopted Budget
Interfund Transfers	\$ -	\$ 258,594	\$ 258,594
Transfer from the General Fund	-	-	-
Interest Income	3,800	-	3,800
Total	\$ 3,800	\$ 258,594	\$ 262,394

NET PROFIT/(LOSS) \$ (355,273) \$ 258,594 \$ (96,679)

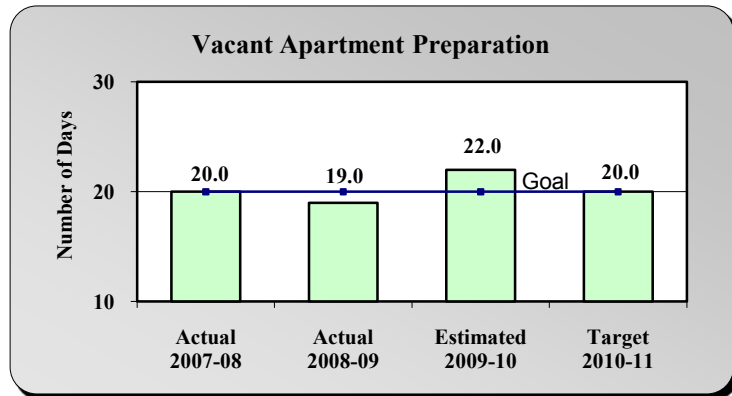
HOUSING TRENDS

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

GOAL : Maximize livable housing stock.

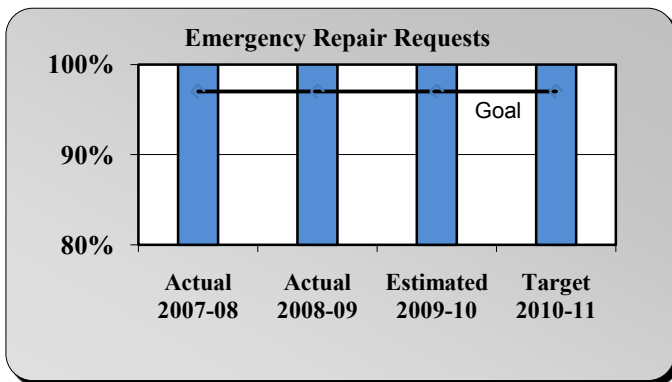
OBJECTIVE : Prepare vacant apartments for occupancy within 20 days.

In fiscal year 2009-10, 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 2010-11.



GOAL : Maximize livable housing stock.

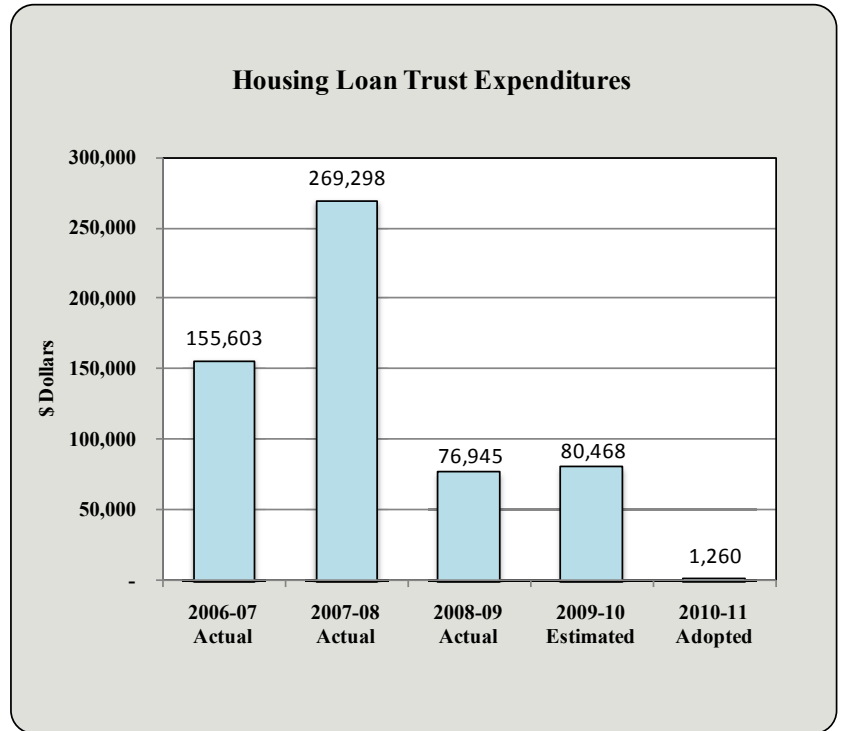
OBJECTIVE : Complete or abate 97% of emergency repairs within 24 hours.



In fiscal year 2009-10, the Housing Department completed or abated 100% of its 123 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 FUND BUDGET SUMMARY

The Housing Loan Trust Fund budget for 2009-10 was set to exhaust the remaining funds available for mortgage assistance programs and the Town's share of matching funds for the HOME program administered by Orange County. Activity in 2009-10 is estimated to leave a small balance available to appropriate for the FY2010-11 fiscal year.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Other Expenses	\$ 1,260	\$ 1,260	\$ 1,260	\$ 1,260	\$ 1,260	0.0%
Grants/Deferred Loans	14,638	-	53,208	11,208	-	N/A
Interest	-	-	-	-	-	N/A
Contributions to Agencies:						
HOME Program Match	61,047	65,000	65,000	68,000	-	-100.0%
Total	\$ 76,945	\$ 66,260	\$ 119,468	\$ 80,468	\$ 1,260	-98.1%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Interest Income	\$ 731	\$ 750	\$ 750	\$ 300	\$ 300	-60.0%
Program Income	-	-	42,000	42,000	-	N/A
2nd Mortgage Payoff	-	-	-	-	-	N/A
Transfer from General Fund	(78,242)	-	-	-	-	N/A
Appropriated Fund Balance	154,456	65,510	76,718	38,168	960	-98.5%
Total	\$ 76,945	\$ 66,260	\$ 119,468	\$ 80,468	\$ 1,260	-98.1%

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. Community Development grants awarded by Housing and Urban Development are implemented pursuant to grant project ordinances authorized by General Statute 159-13.12. Budgets are adopted throughout the year as the grant awards are received.

The 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.

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

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

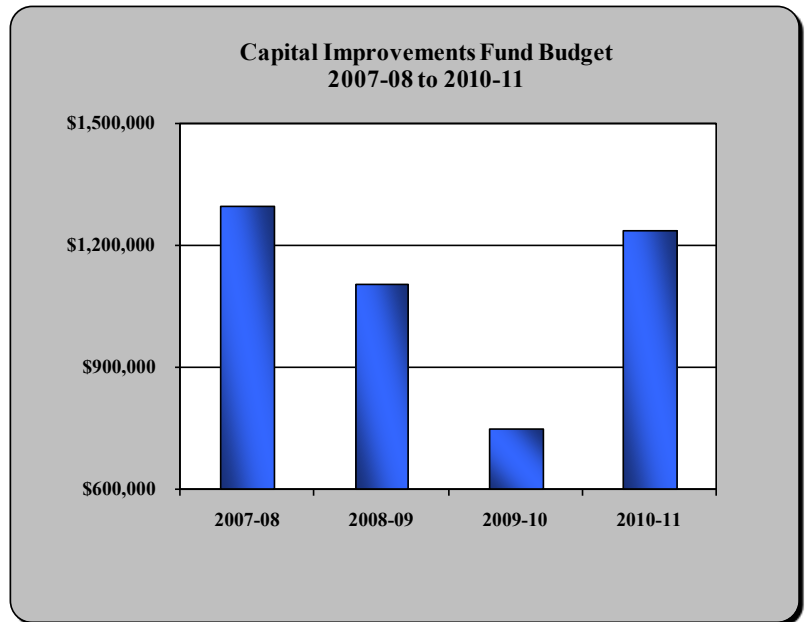
CAPITAL PROGRAM

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 2010-11 are part of the 2010-11 annual budget. All other years are projected expenditures. Proposed funding levels will change in future years as capital programs are refined and the official Town budget is adopted for a given fiscal year.



CAPITAL PROGRAM – MAJOR REVENUE SOURCES

Capital Improvements Program

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

2003 Bonds

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

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

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 Reinvestment Act of 2009 is an economic stimulus package that allocates special Capital grants. The Town received funding for fiscal year 2009-10 for repairing and modernizing public housing, increasing energy efficiency, and for building streets, sidewalks, and greenways.
- *Gifts*: Occasionally, citizens of Chapel Hill will provide the Town with contributions to be used toward a project for which the citizen holds a special interest.

CAPITAL PROGRAM – KEY PROJECTS

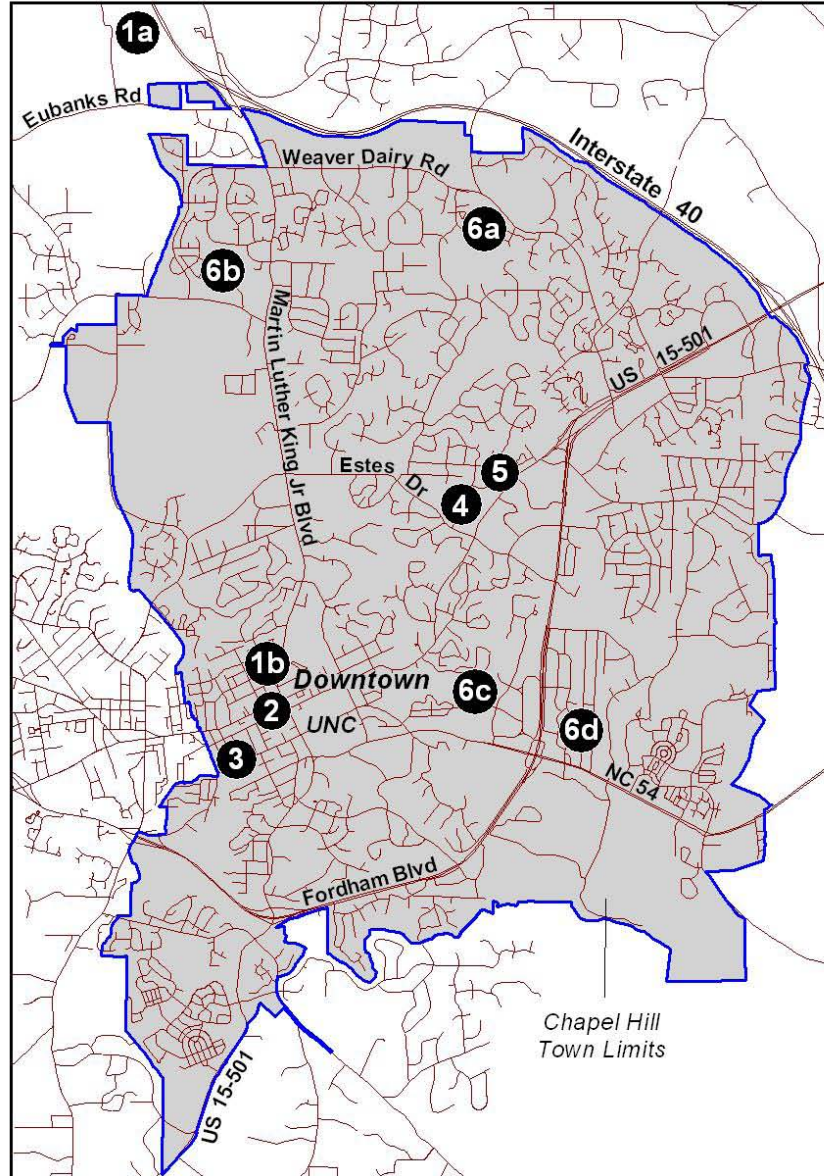
This section highlights key projects included in the 2010-25 Capital Program. The map on the following page shows project locations.

Major projects in the Program anticipated to take place over the next five years include installation of a municipal fiber optic cable network, Fire Station #3 maintenance, paving of Cedar Falls Parking Lot, Skate Park renovations, Battle Branch Bridge replacement and replacement of playground equipment at Oakwood 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 anticipated to begin in 2010.

CAPITAL PROGRAM – KEY PROJECTS



Location of Key Capital Projects

KEY

1a. Town Operations Center (Fiber optic hub); 1b. Town Hall (Fiber optic hub); 2. Parking Lot 5; 3. South Roberson St. Public Housing; 4. Library expansion; 5. Fire Station #3; 6a. Cedar Falls Park Parking Lot; 6b. Skate Park/Batting Cages – Homestead Park; 6c. Battle Branch Bridge; 6d. Oakwood Playground

CAPITAL PROGRAM – KEY PROJECTS

1. Municipal Fiber Project

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

The Town municipal fiber will provide reliable site-to-site communication services for both emergency and day-to-day activities. The project is expected to be completed in 2012.

2. 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 2010.

3. Public Housing

The FY11 CIP includes funding for needed repairs to public housing apartments, facilities and sites. The renovation work will be comprehensive and provide upgrades to all building components and systems throughout the apartments. These improvements to the public housing apartments will provide safe and sanitary living conditions to the lower-income citizens of Chapel Hill.

4. 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.

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

CAPITAL PROGRAM – KEY PROJECTS

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 2010-11.

5. Fire Station #3

Fire Station #3 was constructed roughly 40 years ago and has sustained several renovation efforts. The building suffers from structure decay/weakening from moisture issues. The FY11 CIP provides funding for moisture abatement.

6. Parks & Recreation Projects

The FY11 CIP includes funding to reconstruct/repave the parking lot at Cedar Falls Park. This condition of this parking lot is such that ordinary maintenance would not suffice and complete reconstruction is necessary. This project will define the parking area and make the area safer for park attendees.

The Town’s Skate Park and Batting Cage Complex at Homestead Park was built in 1999. The Complex has been heavily used over the years resulting in a degraded condition. Funds will be used to design replacement ramps and a new concrete bowl and replacement of batting machines.

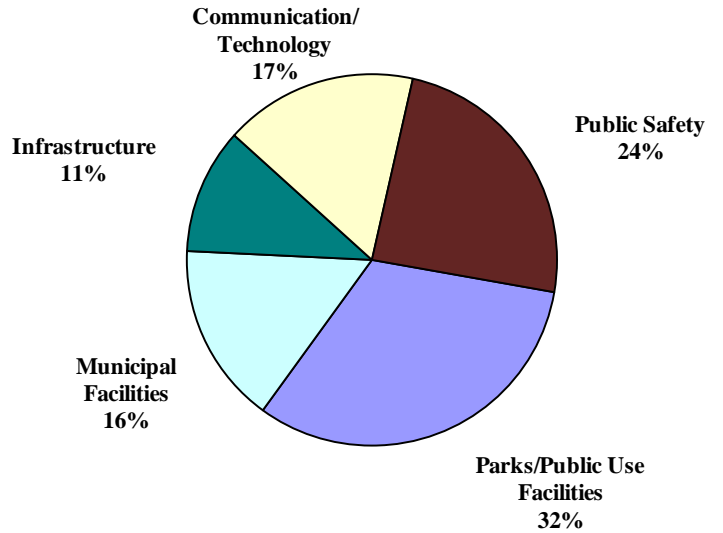
The FY11 CIP includes funding for the replacement of the bridge along the Battle Branch Trail. This bridge is in very poor condition and needs replacement. If replacement of this bridge did not occur, sections of the trail would need to be closed for safety reasons.

In FY10, the Town began a four year process of replacing playground equipment in at least four Town parks there were in need of replacement due to aging and in order to comply with Americans with Disabilities Act and Consumer Product Safety Commission guidelines. The Town is now in year 2 of this four year process and will focus on Oakwood Park for FY11. The goal of playground replacement is to provide safe, accessible facilities for the citizens of Chapel Hill.

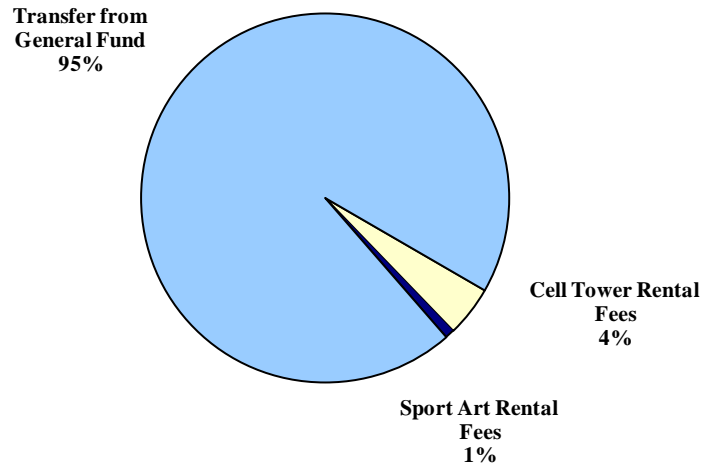
CAPITAL IMPROVEMENTS FUND

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

Capital Improvements Fund Expenditures



Capital Improvements Fund Revenues



CAPITAL IMPROVEMENTS FUND

BUDGET SUMMARY

The budget for the Capital Improvements Program for 2010-11 totals \$1,237,800, and includes projects to be completed in the next five years.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget
Municipal Facilities	\$ 619,650	\$ 100,000	\$ 277,466	\$ 193,250	\$ 195,000
Public Safety	-	-	-	-	300,000
Facilities Leased by Others	8,298	-	16,200	16,200	-
Infrastructure	94,489	130,000	190,445	131,500	135,000
Communication/Technology	89,238	300,000	1,043,556	654,556	208,800
Parks/Public Use Facilities	648,933	219,000	697,045	563,857	399,000
Total	\$ 1,460,608	\$ 749,000	\$ 2,224,712	\$ 1,559,363	\$ 1,237,800

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget
UNC Contribution	\$ 28,455	\$ -	\$ 28,455	\$ -	\$ -
NCDOT Reimbursements	32,938	-	-	37,600	-
Cell Tower Rental Fees	61,245	60,000	60,000	50,000	55,000
UNC Reimbursement	-	-	350,000	-	-
Rent-Sport Art Gymnasium	14,950	14,000	14,000	9,000	10,000
Interest on Investments	11,987	-	-	3,807	-
Revenue in Lieu	53,616	-	32,521	-	-
Insurance Claims	11,826	-	-	-	-
Transfer from 440 Capital Project	37,000	-	-	-	-
Transfer from General Fund	1,103,000	305,000	474,000	435,000	1,172,800
Appropriated Fund Balance	105,591	370,000	1,265,736	1,023,956	-
Total	\$ 1,460,608	\$ 749,000	\$ 2,224,712	\$ 1,559,363	\$ 1,237,800

CAPITAL IMPROVEMENTS FUND
DETAIL EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget
MUNICIPAL OPERATIONS FACILITIES					
Town Hall: Replacement of HVAC Units	\$ 452,118	\$ -	\$ 71,063	\$ 51,000	\$ -
General Maintenance	12,016	-	-	-	-
Extraordinary Maintenance, Emergency Repairs	79,640	100,000	117,669	100,000	75,000
Fire Station #2 Capital Maintenance	32,238	-	35,500	35,500	-
Fire Station #3 Capital Maintenance	2,800	-	-	-	120,000
Library Capital Maintenance	-	-	14,500	-	-
Police HQ - Capital Maintenance	40,838	-	750	750	-
Town Hall & Council Chamber Capital Improvements	-	-	37,984	6,000	-
Subtotal	\$ 619,650	\$ 100,000	\$ 277,466	\$ 193,250	\$ 195,000
PUBLIC SAFETY					
Reserve Fire Truck	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ 300,000
TOWN FACILITIES LEASED BY OTHERS					
Old Post Office Capital Maintenance	\$ 8,298	\$ -	\$ 16,200	\$ 16,200	\$ -
Subtotal	\$ 8,298	\$ -	\$ 16,200	\$ 16,200	\$ -
INFRASTRUCTURE					
Bikeways	\$ 56,654	\$ -	\$ 101,374	\$ 100,000	\$ -
Street Maintenance	-	-	32,521	-	75,000
Path, Trail and Lot Maintenance	-	100,000	-	-	40,000
Sidewalks	-	-	8,550	-	-
Curbs / ADA	37,835	30,000	30,000	30,000	20,000
Cameron Avenue Railroad Crossing Improvements (Town Share)	-	-	18,000	1,500	-
Subtotal	\$ 94,489	\$ 130,000	\$ 190,445	\$ 131,500	\$ 135,000

CAPITAL IMPROVEMENTS FUND
DETAIL EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget
COMMUNICATIONS AND TECHNOLOGY					
Traffic Signal Upgrade	\$ 32,938	\$ -	\$ 562,514	\$ 173,514	\$ -
Fiber Optic Network	37,345	300,000	350,000	350,000	100,000
Fire House Mobile & GIS System for Response Units	16,020	-	83,978	83,978	-
In-Car Police Cameras	-	-	-	-	108,800
Public Works Vehicle Location & Mobile Data System	2,935	-	47,064	47,064	-
Subtotal	\$ 89,238	\$ 300,000	\$ 1,043,556	\$ 654,556	\$ 208,800
PARKS AND OTHER PUBLIC USE FACILITIES					
Greenways	\$ 42,849	\$ 50,000	\$ 9,727	\$ 9,727	\$ 40,000
Battle Branch Trail	-	-	-	-	80,000
Sport Arts Building	3,550	14,000	21,136	21,136	-
Southern Community Park	-	-	3,230	3,230	-
Playground Replacement	-	75,000	75,000	75,000	75,000
Homestead Park	-	-	3,856	3,856	-
A.D. Clark Pool Maintenance	16,424	-	-	-	-
Morgan Creek Greenway Signage	-	-	4,603	4,603	-
Cemetery Beautification	32,710	20,000	180,644	65,000	20,000
Small Park Improvements	130,112	60,000	63,110	63,110	75,000
Athletic Field Light Replacement	379,224	-	172,393	172,393	-
Cedar Falls Parking Lot Paving	-	-	-	-	63,000
Skate Park	-	-	-	-	46,000
Parks Maintenance Assessment	18,000	-	-	-	-
Community Center - Capital Construction Costs	26,064	-	55,802	55,802	-
Transfer to Multi-Year Capital Project Fund (Morgan Creek Project)	-	-	107,544	90,000	-
Subtotal	\$ 648,933	\$ 219,000	\$ 697,045	\$ 563,857	\$ 399,000
TOTALS	\$ 1,460,608	\$ 749,000	\$ 2,224,712	\$ 1,559,363	\$ 1,237,800

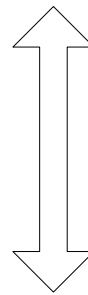
PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

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.

Explanation: Operating Budget Impact

Each project description includes an assessment of the operating budget impact from implementing the project. For example, the development of a new park would increase the maintenance and programming costs for the Parks and Recreation Department. Not all projects would increase the operating budget costs. For example, renovations of a Town facility would have a net positive effect on the operating budget by reducing maintenance items funded out of departments' operating budgets. The impact levels are shown in the adjacent chart.



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



Positive: Project will save operating budget funds.

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Illustration: Tips for Reading Project Descriptions

MUNICIPAL OPERATIONS FACILITIES ← **Project Category**

Project Name → **Extraordinary Maintenance, Emergency Repairs**

Description → 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.

Effect on Town's operating budget when project is implemented. → *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.

← **Where to find project in Tables 1, 2 or 3, which appear after this section**

Adopted 2009-10 Budget and Projected Expenditures

Fiscal Year					5-Year Total	15-Year Total*	Funding Source
2010-11	2011-12	2012-13	2013-14	2014-15	Through 2014-15	Through 2024-25	
\$75,000	\$100,000	\$100,000	\$100,000	\$100,000	\$475,000	\$1,475,000	Capital Improvements Fund

Summary of 2010-11 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 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total*</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$75,000	\$100,000	\$100,000	\$100,000	\$100,000	\$475,000	\$1,475,000	Capital Improvements Fund

Parking Office Expansion

Funding will support the expansion of current facilities, including modification of existing structure to create a dedicated coin counting room.

Table and Ref #: Table 2, Ref #37
Location: 150 East Rosemary Street
Operating Budget Impact: No Impact

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$119,000	-	-	-	-	\$119,000	\$119,000	Parking Revenues

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 #38
Location: Public Housing sites
Operating Budget Impact: Positive (Tens of thousands annually):
 Renovations will reduce need to make repairs using operating budget funds.

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$595,500	\$595,500	\$595,500	\$595,500	\$595,500	\$2,977,500	\$8,932,500	Community Development Block Grant Program

Fire Station #3 Capital Maintenance

Fire Station #3 was constructed roughly 40 years ago and has sustained several renovation efforts. The building suffers from structure decay/weakening from moisture issues. The FY11 CIP provides funding for moisture abatement.

Table and Ref #: Table 1, Ref #4
Location: 1615 East Franklin Street
Operating Budget Impact: No Impact

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$120,000	-	-	-	-	\$120,000	\$120,000	Capital Improvement Funds

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

INFRASTRUCTURE

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

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

Table and Ref #: Table 1, Ref #9
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 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$40,000	\$50,000	\$50,000	\$50,000	\$50,000	\$240,000	\$740,000	Capital Improvements Fund

Curb Repairs: ADA Compliance

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

Table and Ref #: Table 1, Ref #11
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$20,000	\$30,000	\$30,000	\$30,000	\$30,000	\$140,000	\$440,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

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 #57
Location: Various Sites
Operating Budget Impact: No Impact

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$175,000	\$175,000	\$175,000	\$175,000	\$425,000	\$1,125,000	\$1,125,000	Stormwater Management Fund

Streets Infrastructure Improvements

Funding will be used to carry out various street improvement projects. Potential projects include street realignments, grading, and/or shoulder and ditch profile improvements. The project will improve existing streets beyond ordinary maintenance.

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

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$75,000	\$100,000	\$50,000	\$50,000	\$50,000	\$325,000	\$825,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

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 #16
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 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$100,000	-	-	-	-	\$100,000	\$100,000	Capital Improvements Fund

In-Car Police Cameras

Funding will allow for the purchase of 17 in-car cameras for police vehicles. This project is part of the on going efforts by the Police Department to improve community relationships and enhance accountability through providing better documentation of citizen interaction and potential improvements in evidence gathering.

Table and Ref #: Table 1, Ref #19
Location: Police Fleet
Operating Budget Impact: Negative: Purchase of this equipment will require maintenance fees along with future replacement costs.

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$108,800	-	-	-	-	\$108,800	\$108,800	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Parking Revenue Control Equipment

Funding will replace existing revenue control equipment to bring the system up to compliance standards. Updating this equipment would enhance service to the community by ensuring the safety of vital personal information.

Table and Ref #: Table 2, Ref #68
Location: Various sites
Operating Budget Impact: Negative: Purchase of this equipment will require maintenance fees/license agreement.

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$50,000	-	-	-	-	\$50,000	\$50,000	Parking Revenue

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 #21
Location: Town cemeteries
Operating Budget Impact: No Impact

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000	\$300,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

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 #22
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 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$75,000	\$100,000	\$100,000	\$100,000	\$100,000	\$475,000	\$1,475,000	Capital Improvements Fund

Greenways

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

Table and Ref #: Table 1, Ref #24
Location: Various Sites
Operating Budget Impact: Positive (Hundreds to thousands annually):
 Projects will reduce need to use operating budget funds for greenway repairs.

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$40,000	\$50,000	\$50,000	\$50,000	\$50,000	\$240,000	\$740,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

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 2, Ref #77
Location: Homestead Road
Operating Budget Impact: Positive (Hundreds per year): Projects will reduce need to use operating budget for repairs.

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$14,000	\$14,000	\$14,000	\$14,000	\$14,000	\$70,000	\$210,000	Capital Improvements Fund

Playgrounds

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

Table and Ref #: Table 1, Ref #34
Location: Various locations
Operating Budget Impact: Positive (Hundreds per year): Projects will reduce need to use operating budget for repairs.

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$75,000	\$100,000	\$100,000	\$100,000	\$100,000	\$490,000	\$1,475,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Battle Branch Bridge Replacement

These funds are for the replacement of the bridge along the Battle Branch Trail. This bridge is in very poor condition and is in desperate need of replacement. If replacement of this bridge did not occur, sections of the trail would need to be closed for safety reasons.

Table and Ref #: Table 1, Ref #27
Location: Battle Branch Trail
Operating Budget Impact: No Impact

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$80,000	\$436,000	-	-	-	\$516,000	\$516,000	Capital Improvements Fund

Cedar Falls Park Parking Lot

The FY11 CIP includes funding to reconstruct/repave the parking lot at Cedar Falls Park. This condition of this parking lot is such that ordinary maintenance would not suffice and complete reconstruction is necessary. This project will define the parking area and make the area safer for park attendees.

Table and Ref #: Table 1, Ref #28
Location: Cedar Falls Park
Operating Budget Impact: No Impact

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$63,000	-	-	-	-	\$63,000	\$63,000	Capital Improvements Fund

PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS

Skate Park/Batting Cage Renovation

The Skate Park and Batting Cage Complex at Homestead Park was built in 1999. It has been heavily used over the years resulting in a degraded condition. Funds will be used to design replacement ramps and a new concrete bowl and replacement of batting machines.

Table and Ref #: Table 1, Ref #35
Location: Homestead Park
Operating Budget Impact: No Impact

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$46,000	\$250,000	-	-	-	\$296,000	\$421,000	Capital Improvements Fund

PUBLIC SAFETY

Reserve Fire Truck

These funds will purchase a reserve status fire truck. Adequate reserve fleet is necessary to ensure that the front line apparatus can receive thorough preventative maintenance without extensive pressure to return trucks for service.

Table and Ref #: Table 1, Ref #7
Location: Various Stations
Operating Budget Impact: Negative: Purchase of this vehicle will require routine maintenance costs along with basic cost of use.

Adopted 2010-11 Budget and Projected Expenditures

<i>Fiscal Year</i>					<i>5-Year Total</i>	<i>15-Year Total</i>	<i>Funding Source</i>
2010-11	2011-12	2012-13	2013-14	2014-15	<i>Through 2014-15</i>	<i>Through 2024-25</i>	
\$300,000	-	-	-	-	\$300,000	\$300,000	Capital Improvements Fund

CAPITAL PROGRAM TABLES – INTRODUCTION

The Capital Improvements Program contains tables that outline the recommended budget for CIP projects in fiscal year 2010-11 and projected expenditures in future fiscal years for all funds, from 2010-11 through 2024-25. These tables are as follows:

- **Table 1. Capital Improvements.** Table 1 lists projects identified for Capital Improvements. Projects listed include recommended projects for 2010-11 and other identified capital improvement needs for future years.
- **Table 2. Other Sources.** Table 2 lists capital projects funded by grants or other available or anticipated funding sources other than the Capital Improvements Fund. These project budgets would be established by separate project ordinances.
- **Table 3. 2003 Bonds – Approved Bond Schedule.** Table 3 lists projects to be funded using bonds voters approved in November 2003 and shows the bond-sale schedule approved by the Council.

TABLE 1: Capital Improvements

Reference #	Project	2009-10 Budget Revised	2010-11 Adopted Budget	2011-12
Municipal Operations Facilities				
1	Town Hall HVAC Replacement	\$ 71,063	\$ -	\$ -
2	Extraordinary Maintenance	117,669	75,000	100,000
3	Fire Station # 2 Capital Maintenance	35,500	-	-
4	Fire Station # 3 Capital Maintenance	-	120,000	-
5	Police HQ Capital Maintenance	750	-	-
6	Town Hall & Council Chamber Capital Improvements	37,984	-	-
Public Safety				
7	Reserve Fire Truck	-	300,000	-
Town Facilities Leased by Others				
8	Old Post Office Capital Maintenance	16,200	-	-
Infrastructure				
9	Parking Lots/Paths/Trails	-	40,000	50,000
10	Sidewalks	8,550	-	-
11	Curb Cut Improvements (ADA)	30,000	20,000	30,000
12	Bikeways	101,374	-	-
13	Cameron Avenue Railroad Crossing	18,000	-	-
14	Street Infrastructure Improvements	32,521	75,000	100,000
Communications				
15	Traffic Signal System Upgrade (Town share - Design)	562,514	-	-
16	Fiber Optic Network	350,000	100,000	-
17	Fire House Mobile & GIS System for Response Units	83,978	-	-
18	Public Works Vehicle Location & Mobile Data System	47,064	-	-
19	In-Car Police Cameras	-	108,800	-
20	SONET Ring	-	-	90,000
Parks and Other Public Use Facilities				
21	Cemetery Beautification	180,644	20,000	20,000
22	Small Parks Improvements	63,110	75,000	100,000
23	Tennis Court Light Replacement	-	-	-
24	Greenways	9,727	40,000	50,000
25	Southern Community Park	3,230	-	-
26	Library Capital Maintenance	14,500	-	-
27	Battle Branch Trail	-	80,000	436,000
28	Cedar Falls Parking Lot Paving	-	63,000	-
29	Sport Art Gymnastics Building and Grounds	21,136	-	-
30	Morgan Creek Signage Project	4,603	-	-
31	Transfer to Morgan Creek Project	107,544	-	-
32	Homestead Park Improvements	3,856	-	-
33	Community Center Capital Maintenance	55,802	-	-
34	Playgrounds	75,000	75,000	100,000
35	Skate Park and Batting Cage Renovations	-	46,000	250,000
36	Athletic Field Light Replacement	172,393	-	-
Total		\$ 2,224,712	\$ 1,237,800	\$ 1,326,000

*Future years after FY2010-11 are for planning purposes only.

2012-13	2013-14	2014-15	2015-25	Reference #
\$ -	\$ -	\$ -	\$ -	1
100,000	100,000	100,000	1,000,000	2
-	-	-	-	3
-	-	-	-	4
-	-	-	-	5
-	-	-	-	6
-	-	-	-	7
-	-	-	-	8
50,000	50,000	50,000	500,000	9
-	-	-	-	10
30,000	30,000	30,000	300,000	11
-	-	-	-	12
-	-	-	-	13
50,000	50,000	50,000	500,000	14
-	-	-	-	15
-	-	-	-	16
-	-	-	-	17
-	-	-	-	18
-	-	-	-	19
-	-	-	-	20
20,000	20,000	20,000	200,000	21
100,000	100,000	100,000	1,000,000	22
-	-	-	-	23
50,000	50,000	50,000	500,000	24
-	-	-	-	25
-	-	-	-	26
-	-	-	-	27
-	-	-	-	28
-	-	-	-	29
-	-	-	-	30
-	-	-	-	31
-	-	-	-	32
-	-	-	-	33
100,000	100,000	100,000	1,000,000	34
-	-	-	125,000	35
-	-	-	-	36
\$ 500,000	\$ 500,000	\$ 500,000	\$ 5,125,000	

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

Reference #	Project	Revised Budget 2009-10	Adopted 2010-11	2011-12
	Municipal Operations Facilities			
37	Parking Office Expansion	\$ -	\$ 119,000	\$ -
38	Comprehensive Public Housing Renovations	595,500	595,500	595,500
39	Comprehensive Public Housing Renovations	732,519	-	-
40	Town Hall Windows Replacement	-	-	-
41	Town Hall Elevator Replacement	-	-	-
42	Council Chambers Improvements	-	-	-
43	Post Office/Courthouse Maintenance	-	-	-
44	IFC Renovation	-	-	-
45	Public Safety Headquarters	-	-	-
46	Parks & Recreation Administration Building	-	-	-
47	Cultural Arts Programming Space	-	-	-
48	Facilities Conditions Assessment	-	-	-
49	Energy Conservation	50,000	-	-
	Public Safety			
50	Police Fleet Expansion	-	-	-
51	Virtual Force Training System	-	-	-
52	Police Motorcycle Unit	-	-	-
53	Portable Cascade System	-	-	-
	Infrastructure			
54	Street Infrastructure Improvements	131,559	-	-
55	Bridges	212,865	-	-
56	Burning Tree Drive Drainage	611,214	-	-
57	Stormwater Projects	90,000	175,000	175,000
58	Watershed Restoration	-	-	-
59	MLK Pedestrian Safety	403,952	-	-
60	ADA Ramps	50,000	-	-
61	Morgan Creek Restoration	151,500	-	-
62	Bolin Creek Restoration	406,306	-	-
63	Bike Loops	175,000	-	-
	Communications and Technology			
64	Library Technology-Materials Control System	-	-	125,000
65	Public Wi-Fi	-	-	-
66	Data Center	-	-	-
67	Public Computer Centers for Public Housing	-	-	-
68	Parking Revenue Control Equipment	-	50,000	-
69	Traffic Signal System Upgrade	360,000	-	-
	Parks and Other Public Use Facilities			
70	Fordham Landscape Buffer	50,000	-	-
71	Southern Community Park Lights	-	-	-
72	Bolinwood Bridge Replacement	-	-	-
73	Mobile Stage	-	-	-
74	Tennis Court Reconstruction	-	-	-
75	Parks Signage	-	-	-
76	AD Clark Bathhouse Improvements	-	-	-
77	Parks & Recreation Arts Building	-	14,000	14,000
78	Morgan Creek Trail	300,000	-	-
79	Bolin Creek Trail	120,000	-	-
	TOTAL	\$ 4,440,415	\$ 953,500	\$ 909,500

*Future years after FY2010-11 are for planning purposes only.

2012-13	2013-14	2014-15	2015-25	Fund Source	Reference #
\$ -	\$ -	\$ -	\$ -	Parking Revenues	37
595,500	595,500	595,500	5,955,000	HUD Grant	38
-	-	-	-	ARRA Grant	39
-	-	-	210,000	Future Bond Issuance	40
-	-	-	180,000	Future Bond Issuance	41
-	-	-	433,000	Future Bond Issuance	42
-	-	-	62,000	Future Bond Issuance	43
-	-	-	2,116,000	Future Bond Issuance	44
-	-	-	11,088,000	Future Bond Issuance	45
-	-	-	3,584,000	Future Bond Issuance	46
-	-	-	3,360,000	Future Bond Issuance	47
-	-	-	80,000	Future Bond Issuance	48
-	-	-	-	ARRA Grant	49
-	-	-	380,910	Future Bond Issuance	50
-	-	-	125,000	Future Bond Issuance	51
-	-	-	58,000	Future Bond Issuance	52
-	-	-	60,000	Future Bond Issuance	53
-	-	-	-	NCDOT MPO Grant	54
-	-	-	-	Multi-year Capital Bond Project Ord.	55
-	-	-	-	Stormwater Management Funds	56
175,000	175,000	425,000	2,500,000	Stormwater Management Funds	57
-	-	-	2,500,000	Stormwater Management Funds	58
-	-	-	-	ARRA Grant	59
-	-	-	-	ARRA Grant	60
-	-	-	-	NCDOT MPO Grant	61
-	-	-	-	Multi-year Capital Bond Project Ord.	62
-	-	-	-	ARRA Grant	63
14,400	-	-	-	Library Gift Fund	64
-	-	-	125,000	Future Bond Issuance	65
-	-	-	1,390,000	Future Bond Issuance	66
-	-	-	260,000	Future Bond Issuance	67
-	-	-	-	Parking Revenue	68
-	-	-	-	Multi-year Capital Bond Project Ord.	69
-	-	-	-	Multi-year Capital Bond Project Ord.	70
-	-	-	420,000	Future Bond Issuance	71
-	-	-	433,000	Future Bond Issuance	72
-	-	-	125,000	Future Bond Issuance	73
-	-	-	275,000	Future Bond Issuance	74
-	-	-	50,000	Future Bond Issuance	75
-	-	-	95,000	Future Bond Issuance	76
14,000	14,000	14,000	140,000	Multi-year Capital Bond Project Ord.	77
-	-	-	-	ARRA Grant	78
-	-	-	-	Multi-year Capital Bond Project Ord.	79
\$ 798,900	\$ 784,500	\$ 1,034,500	\$ 36,004,910		

Table 3: 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	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		-	
2	Library Expansion	Library Facilities	500,000	-	
TOTAL			\$ 3,580,000	\$ 420,000	

COLUMN DESCRIPTION KEY

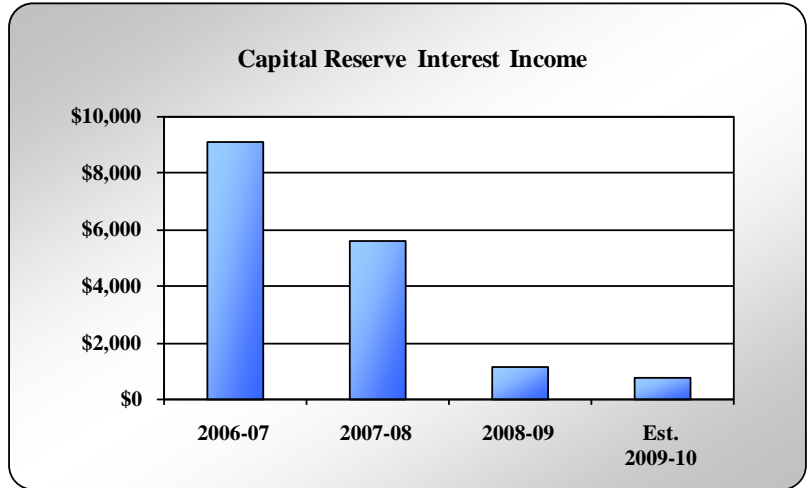
Council Priority

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

2006 Bond Sale (\$4,950,000)				2010 Bond Sale (\$20,410,000)	
2006-07	2007-08	2008-09	2009-10	2010-11	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
968,000	-	-	-	1,192,000	2,235,000
800,000	-	-	-	-	2,000,000
16,000	-	-	-	152,000	168,000
1,500,000	-	-	-	14,260,000	16,260,000
\$ 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 2010-11, which had a balance of \$212,957 at June 30, 2009.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Reserved for CIP	\$ -	\$ -	\$ -	\$ 780	\$ -	N/A
Transfer to Capital Improvements Fund	-	-	-	-	-	N/A
Transfer to General Fund	-	-	-	-	-	N/A
Total	\$ -	\$ -	\$ -	\$ 780	\$ -	N/A

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Interest on Investments Appropriated	\$ 5,602	\$ -	\$ -	\$ 780	\$ -	N/A
Fund Balance	-	-	-	-	-	N/A
Total	\$ 5,602	\$ -	\$ -	\$ 780	\$ -	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, 2010 are shown.

<u>Major Capital Bond Projects</u>	<u>Budget</u>	<u>Estimated Expenditures as of June 30, 2009</u>
1996 Bond Projects		
Parks and Recreation Facilities	\$ 5,000,000	\$ 5,000,000
Open Space/Greenways	3,000,000	3,000,000
Public Safety Improvements	2,000,000	2,000,000
Streets and Sidewalks	3,000,000	2,929,000
Public Works Facilities	500,000	430,000
Subtotal	\$ 13,500,000	\$ 13,359,000
2003 Bond Projects		
Public Buildings	\$ 500,000	\$ 153,000
Streets and Sidewalks	5,600,000	1,658,000
Library Expansion	16,260,000	1,060,000
Open Space	2,000,000	2,000,000
Parks and Recreation	5,000,000	778,000
Subtotal	\$ 29,360,000	\$ 5,649,000
TOTAL	\$ 42,860,000	\$ 19,008,000

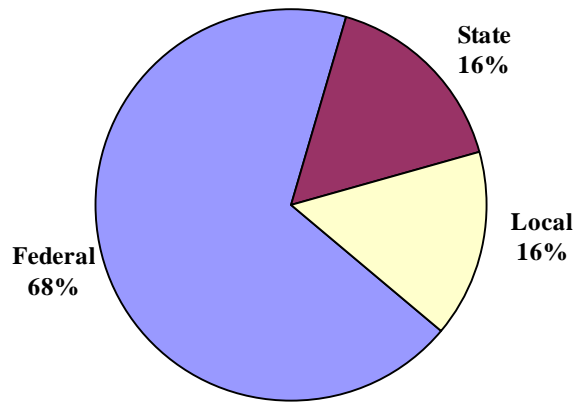
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GRANTS FUND

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

Grant Sources - Historical Trend



GRANTS FUND

BUDGET SUMMARY

The Grants Fund was established in 2004-05 to account for grants previously included in the General Fund. The grants already included for 2010-11 provide continued funding for firefighter positions. Three Planning grants are also included in 2010-11 to provide personnel and operating funding for transportation planning.

EXPENDITURES

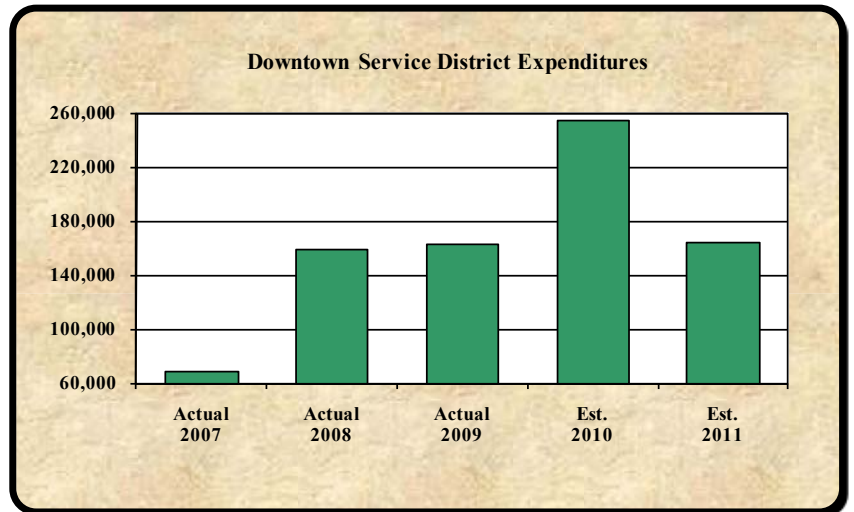
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Police Grants	\$ 153,193	\$ -	\$ 531,769	\$ 431,454	\$ -	N/A
Fire Grants	539,411	551,883	842,968	509,331	564,206	2.2%
Planning Grants	233,980	-	401,715	341,715	312,538	N/A
Other Grants	50,796	-	31,204	6,213	-	N/A
Total	\$ 977,380	\$ 551,883	\$ 1,807,656	\$ 1,288,713	\$ 876,744	58.9%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Grants	\$ 653,759	\$ 198,720	\$ 1,176,817	\$ 842,975	\$ 310,318	56.2%
Charges for Service	25,973	-	25,000	25,000	-	N/A
Transfer from General Fund	281,997	353,163	580,016	394,915	554,423	57.0%
Transfer from Transit	8,300	-	18,731	18,731	12,003	N/A
Appropriated Fund Balance	7,351	-	7,092	7,092	-	N/A
Total	\$ 977,380	\$ 551,883	\$ 1,807,656	\$ 1,288,713	\$ 876,744	58.9%

DOWNTOWN SERVICE DISTRICT FUND

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



DOWNTOWN SERVICE DISTRICT FUND

Major Revenue Sources – Descriptions and Estimates

The revenue source for the Downtown Service District is the special district property tax. The tax rate of 7.1 cents is unchanged from FY 2009-10, and is expected to yield a total of about \$163,000 in FY 2010-11.

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 \$116,000. 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 FY11 continues funding for a groundskeeper (\$46,924) dedicated to the downtown area.

<i>DOWNTOWN SERVICE DISTRICT FUND</i>			
<i>STAFFING COMPARISONS - IN FULL-TIME</i>			
	2008-09 ADOPTED	2009-10 ADOPTED	2010-11 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 tax rate of 7.1 cents for 2010-11 provides for continued funding of the groundskeeper position dedicated to the downtown area, including a 13.9% increase in medical insurance. The balance of revenues is allocated to the Chapel Hill Downtown Partnership.

EXPENDITURES

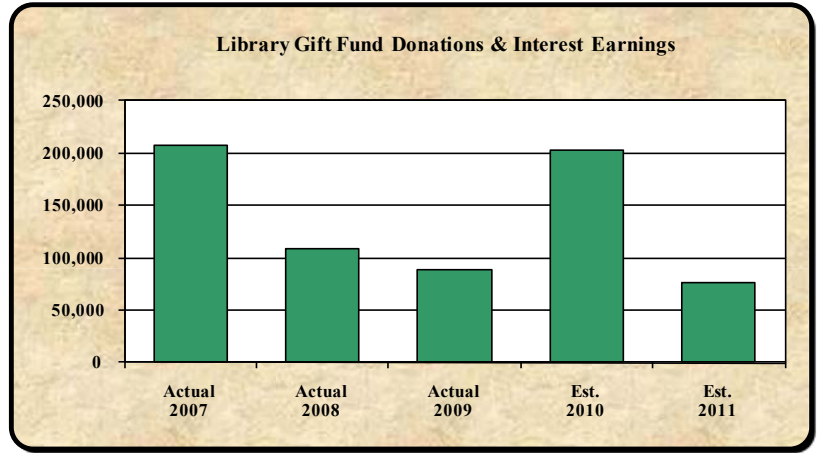
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 43,032	\$ 44,861	\$ 44,861	\$ 43,897	\$ 46,924	4.6%
Professional Services	-	50,000	50,000	50,000	-	-100.0%
Contracted Services	119,305	120,000	120,000	120,000	116,376	-3.0%
Grants/Deferred Loans	-	-	40,000	40,000	-	N/A
Reserve	-	-	-	-	-	N/A
Total	\$ 162,337	\$ 214,861	\$ 254,861	\$ 253,897	\$ 163,300	-24.0%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Property Taxes	\$ 160,921	\$ 163,300	\$ 163,300	\$ 163,300	\$ 163,300	0.0%
Interest Income	1,284	-	-	494	-	0.0%
Gifts and Donations	-	-	-	20,000	-	
Appropriated Fund Balance	132	51,561	91,561	70,103	-	-100.0%
Total	\$ 162,337	\$ 214,861	\$ 254,861	\$ 253,897	\$ 163,300	-24.0%

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 2010-11 reflects 19.1% decrease in expected donations. The Library Gift Fund continues to budget a transfer to the General Fund to support Library operations, at an amount of \$45,000 for FY11.

EXPENDITURES

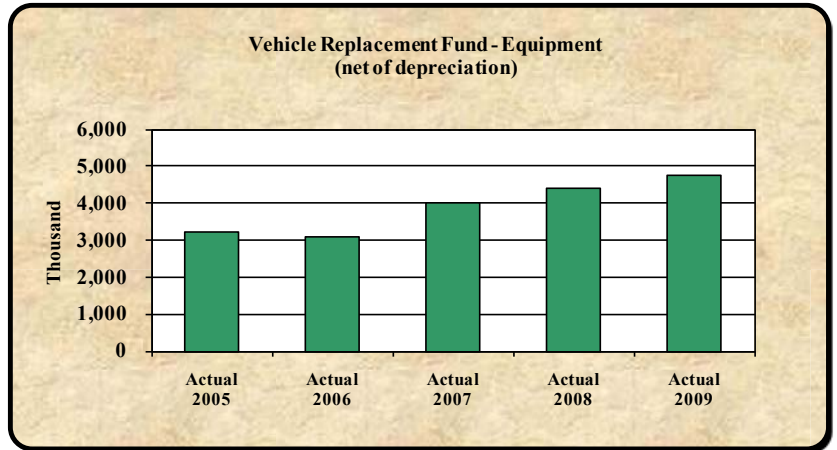
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Other Expense	\$ 3,699	\$ -	\$ -	\$ -	\$ 24,400	N/A
Contribution to Reserve	-	19,000	10,000	9,169	6,600	-65.3%
Transfer to General Fund	124,000	75,000	175,000	175,000	45,000	-40.0%
Transfer to Multi-Year Capital Project Fund	-	-	71,025	71,025	-	N/A
Total	\$ 127,699	\$ 94,000	\$ 256,025	\$ 255,194	\$ 76,000	-19.1%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Interest Income	\$ 2,858	\$ -	\$ -	\$ -	\$ -	N/A
Gifts and Donations	85,485	94,000	204,000	203,169	76,000	-19.1%
Appropriated Fund Balance	39,356	-	52,025	52,025	-	N/A
Total	\$ 127,699	\$ 94,000	\$ 256,025	\$ 255,194	\$ 76,000	-19.1%

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 revised budget for 2009-10 for the Vehicle Replacement Fund includes the purchase of capital equipment which includes an air sweeper, three dump trucks, four garbage trucks and a bucket truck. Purchases planned for FY 2010-11 include dump trucks, an excavator, a street roller and a backhoe.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Lease Purchase Payments	\$ 1,350,213	\$ 1,350,730	\$ 1,350,730	\$ 1,350,730	\$ 1,240,000	-8.2%
Other Expense	13,182	25,000	25,000	5,000	25,000	0.0%
Capital Equipment	1,495,635	1,624,200	1,663,700	1,604,000	1,600,000	-1.5%
Contribution to Reserve	-	374,270	374,270	202,089	485,000	29.6%
Total	\$ 2,859,030	\$ 3,374,200	\$ 3,413,700	\$ 3,161,819	\$ 3,350,000	-0.7%

REVENUES

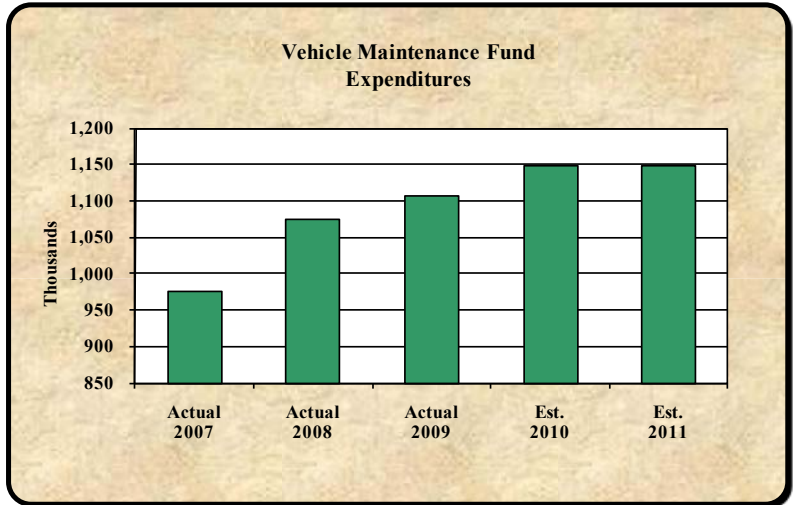
	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Vehicle Use Fees	\$ 1,639,243	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	0.0%
Interest Income	13,822	-	-	3,000	-	N/A
Sale of Fixed Assets	163,947	100,000	100,000	20,000	100,000	0.0%
Insurance Claims	-	-	-	22,173	-	N/A
Financing Proceeds	-	1,624,200	1,624,200	1,604,000	1,600,000	-1.5%
Clean Fuels Grant	-	-	35,260	-	-	N/A
Transfer from On Street Parking Fund	-	-	4,240	-	-	N/A
Transfer from General Fund	137,354	-	-	(137,354)	-	N/A
Appropriated Fund Balance	904,664	-	-	-	-	N/A
Total	\$ 2,859,030	\$ 3,374,200	\$ 3,413,700	\$ 3,161,819	\$ 3,350,000	-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

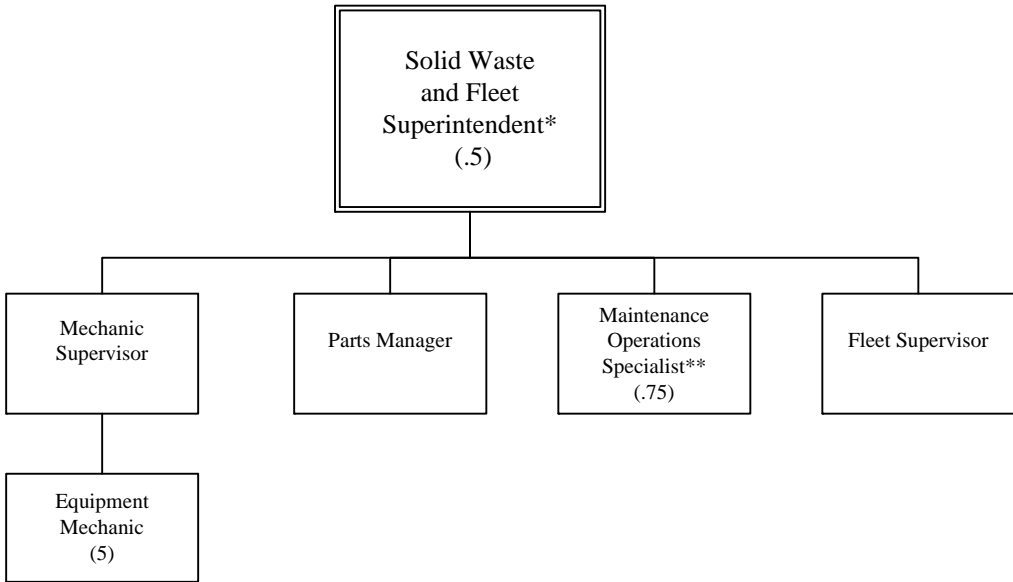
MISSION STATEMENT:

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

	2008-09	2009-10	2010-11
	ADOPTED	ADOPTED	ADOPTED
Superintendent-Solid Waste ¹	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
Maintenance Operations Specialist ¹	0.50	0.75	0.75
Unit Totals	9.00	9.25	9.25

¹ Superintendent and Maintenance Operations Specialist positions are split between Solid the Vehicle Maintenance Fund.

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

VEHICLE MAINTENANCE FUND BUDGET SUMMARY

Despite the increases in medical insurance costs and retirement, the Vehicle Maintenance Fund's adopted budget for personnel reflects a slight decrease from the prior year due to turnover and the transfer of retiree health care costs to Non-Departmental. There is no significant change in the operating budget and there are no planned capital expenditures.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Personnel	\$ 572,168	\$ 654,606	\$ 654,606	\$ 627,371	\$ 654,181	-0.1%
Operating Costs	490,680	494,194	498,194	464,350	494,350	0.0%
Capital Outlay	-	-	-	-	-	N/A
Total	\$ 1,062,848	\$ 1,148,800	\$ 1,152,800	\$ 1,091,721	\$ 1,148,531	0.0%

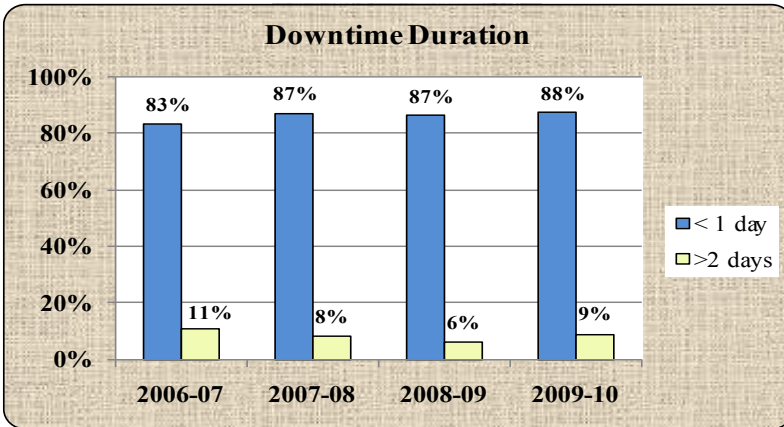
REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Vehicle Maintenance Fees	\$ 968,988	\$ 1,148,800	\$ 1,148,800	\$ 1,087,721	\$ 1,125,805	-2.0%
Transfer from General Fund	25,314	-	-	-	-	N/A
Insurance Claims	7,157	-	-	-	20,000	N/A
Appropriated Fund Balance	61,389	-	4,000	4,000	2,726	N/A
Total	\$ 1,062,848	\$ 1,148,800	\$ 1,152,800	\$ 1,091,721	\$ 1,148,531	0.0%

VEHICLE MAINTENANCE TRENDS

COUNCIL SERVICE GOALS : Maintain basic Town services.

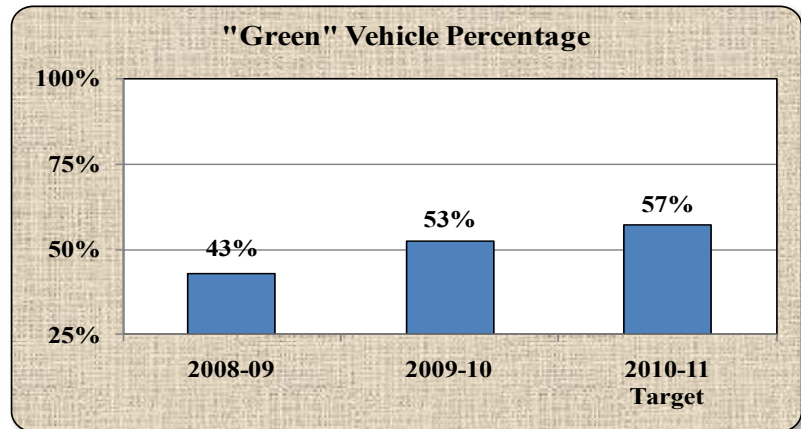
GOAL : To complete 85% of repair orders within 1 day, with no more than 10% requiring in excess of 2 days.



In 2009-10, 87.6% of work orders were completed in less than one day, with 9% in excess of two days, as compared to 86.7% and 6% respectively in 2008-09.

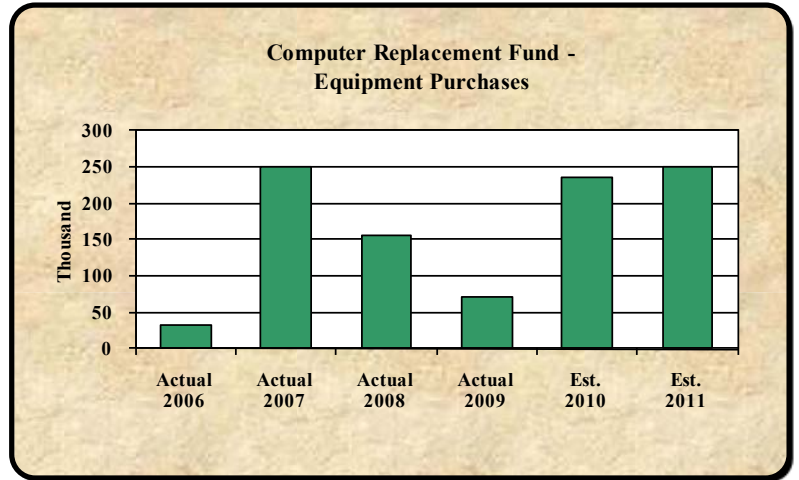
GOAL : Achieve 100% replacement of unleaded vehicles with "green" vehicles—hybrids, alternative fuels, etc.—by 2016

In 2009-10, the percentage of "green" vehicles in the Town's fleet increased by 9.5% from the previous year, from 43% to 52.5%.



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 2010-11 provides for replacement of computer equipment on a pay-as-you-go basis. \$100,000 is included in the Adopted Budget to purchase standard desktop software.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Small Equipment	\$ 72,538	\$ 160,000	\$ 238,460	\$ 235,400	\$ 150,000	-6.3%
Other Expense	189	500	500	326	100,000	19900.0%
Reserve	82,495	-	-	-	-	N/A
Total	\$ 155,222	\$ 160,500	\$ 238,960	\$ 235,726	\$ 250,000	55.8%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Computer Use Fees	\$ 150,084	\$ 160,000	\$ 160,000	\$ 160,159	\$ 150,000	-6.3%
Interest Income	2,608	500	500	1,250	-	-100.0%
Sale of Equipment	2,530	-	-	4,348	-	N/A
Appropriated Fund Balance	-	-	78,460	69,969	100,000	N/A
Total	\$ 155,222	\$ 160,500	\$ 238,960	\$ 235,726	\$ 250,000	55.8%

BUDGET ORDINANCE

Appendix 1

AN ORDINANCE CONCERNING THE ESTABLISHMENT OF THE TOWN BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2010 (2010-06-07/O-7)

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	\$ 434,691
Town Manager/CaPA	1,689,074
Human Resources Development	1,308,397
Business Management	2,735,241
Attorney	293,945
Planning	1,308,958
Public Works	12,106,788
Police	12,395,970
Fire	6,956,481
Parks and Recreation	6,202,801
Library	2,397,235
Non-Departmental	4,774,419
GENERAL FUND TOTAL	\$ 52,604,000

OTHER FUNDS

Transit Fund	\$ 17,436,483
Transit Capital Reserve Fund	175,000
Debt Service Fund	6,549,000
Vehicle Replacement Fund	3,350,000
Vehicle Maintenance Fund	1,148,531
Computer Replacement Fund	250,000
Public Housing Fund	1,932,334
Housing Loan Trust Fund	1,260
On-Street Parking Fund	596,000
Off-Street Parking Facilities Fund	1,426,782
Library Gift Fund	76,000
Capital Improvements Fund	1,237,800
Downtown Service District Fund	163,300
Stormwater Management Fund	2,068,519
Grants Fund	564,206
TOTAL ALL FUNDS	\$ 89,579,215

BUDGET ORDINANCE

Appendix 1

ARTICLE II

It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2010 and ending June 30, 2011 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	\$ 25,485,000
Other Taxes & Licenses	783,000
State-Shared Revenues	15,323,180
Grants	423,468
Charges for Services	1,918,864
Licenses/Permits/Fines	1,888,900
Interest on Investments	60,000
Other Revenues	306,000
Transfers/Other Sources	1,351,358
Fund Balance Appropriated	5,064,230
General Fund Total	\$ 52,604,000

OTHER FUNDS

Transit Fund	\$ 17,436,483
Transit Capital Reserve Fund	175,000
Debt Service Fund	6,549,000
Vehicle Replacement Fund	3,350,000
Vehicle Maintenance Fund	1,148,531
Computer Replacement Fund	250,000
Public Housing Fund	1,932,334
Housing Loan Trust Fund	1,260
On-Street Parking Fund	596,000
Off-Street Parking Facilities Fund	1,426,782
Library Gift Fund	76,000
Capital Improvements Fund	1,237,800
Downtown Service District Fund	163,300
Stormwater Management Fund	2,068,519
Grants Fund	564,206
TOTAL ALL FUNDS	\$ 89,579,215

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, 2010 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 7th day of June, 2010.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Town of Chapel Hill

North Carolina

For the Fiscal Year Beginning

July 1, 2009

President

Executive Director

Performance Agreements with Other Agencies

	2010-11 Adopted Budget
Performance Agreements with Other Agencies	
Human Services	
Human Services Advisory Board Recommendations	\$ 321,100
Total Human Services	321,100
Environment	
Piedmont Wildlife	1,000
Total Arts	1,000
Arts	
Cultural Arts Dinner	500
ArtsCenter	10,000
Chapel Hill Museum	20,250
Total Arts	30,750
Affordable Housing	
Orange Community Housing and Land Trust	200,000
Empowerment	13,500
Total Affordable Housing	213,500
Economic Development	
Chapel Hill/Orange County Visitors Bureau	130,000
North Carolina High School Athletic Association	29,000
Chapel Hill Downtown Partnership	70,000
Additional allocation to the Chapel Hill Orange County Visitor's Bureau	20,000
Total Economic Development	249,000
Total Contributions to Agencies	\$ 815,350

GLOSSARY

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

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

ADA - American Disabilities Act

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

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

ARRA - American Recovery and Reinvestment Act.

Annual Budget - A budget covering a single fiscal year.

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

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

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

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

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

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

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

Bonds Issued - Bonds that are sold.

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

GLOSSARY

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

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

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

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

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

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

CDBG – Community Development Block Grant

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

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

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

Debt Service - Principal, interest and administrative costs associated with the repayment of long-term debt.

Delinquent Taxes - Taxes that remain unpaid after the due date on which a penalty for nonpayment is incurred.

Department - A major administrative division of the Town that has overall management responsibility for an operation within a functional area.

Depreciation – An allowance made for the loss in the value of property over time.

District Tax - Taxes paid by those owning property in a special district of the Town.

GLOSSARY

Employee Benefits - For budgeting purposes, employee benefits include employer payments for social security, retirement, group health and life insurance, and workers' compensation and any similar form of employee compensation.

Encumbrances - A financial commitment for services, contracts, or goods which have not been delivered or performed.

Enterprise Fund - A grouping of activities whose expenditures are wholly or partially offset by revenues collected from consumers in the form of fees and charges.

Equivalent Rate Unit (ERU) – A unit of area of impervious surface.

Expenditures - The total cost of a program or capital project.

EZ Rider - A special service which uses lift equipped vehicles to transport individuals with mobility limitations that prevent them from using Chapel Hill Transit's regular bus service.

Fiscal Year - A 12 month period (July 1 through June 30) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

Fixed Asset - An asset of long-term character. For budgetary purposes, a fixed asset is defined as an item costing \$5,000 or more with an expected life of more than one year.

FTA – Federal Transit Administration

Full-time Equivalent - One F.T.E. refers to the equivalent of one permanent position.

Fund - An accounting entity created to record the financial activity for a selected financial group.

Fund Balance - Funds accumulated through the under-expenditure of appropriations and/or receiving revenues greater than anticipated and included in the budget.

Function - A broad grouping of activities and departments whose objectives and expenditures are inter-related. Examples of functions within the Town include General Government, Public Safety, Leisure, etc.

General Fund - A fund which provides for the accounting for most of the basic government services, such as police, fire, sanitation, inspections, recreation and other general services.

General Obligation Bonds - Bonds issued by a government which are backed by the full faith and credit of its taxing authority.

GLOSSARY

Goal - A broad statement of desired conditions to be maintained or achieved through the efforts of an organization.

Governmental Funds – Funds generally used to account for tax-supported activities.

Impervious Surface – Hard surfaces such as concrete, compressed gravel. Asphalt and rooftops. These surfaces increase the amount of stormwater runoff.

Indirect Cost - The component of the total cost for a service which is provided by one department but budgeted within another department or division. Indirect costs are budgeted to more accurately reflect the true total cost for such services.

Interest and Penalties Receivable on Taxes - Uncollected interest and penalties on property taxes.

Intergovernmental Revenues - Revenues from other governments (State, federal, and local) which can be in the form of grants, shared revenue, or entitlement.

Land Use Management Ordinance - The Chapel Hill Land Use Management Ordinance establishes standards and procedures for new development or redevelopment in the Town. The major purpose of the Land Use Management Ordinance is to implement the Town's adopted *Comprehensive Plan*. It is designed to provide clear rules about what is expected of applicants in order to gain approval to develop land in the Town.

Lease Purchase - A method of purchasing equipment in which payments are spread over a period of time.

Levy - The amount of tax, service charge, and assessments imposed by the government.

Line Item - A budgetary account representing a specific object of expenditure.

Modified Accrual - The basis of accounting for the Town. Under this system, expenditures are recognized when encumbered.

MPO/DA – Metropolitan Planning Organization/Direct Allocation

NCDOT – North Carolina Department of Transportation

Non-operating Expenses - Expenses which are not directly related to the provision of services such as debt service.

Non-operating Revenues - Revenues which are generated from other sources and are not directly related to service activities.

GLOSSARY

- Objective** - A specific statement or objective that is to be accomplished or achieved for a particular program during the fiscal year.
- Ordinance** - A formal legislative enactment by the Town Council which has the full force and effect of law within the boundaries of the Town.
- Operating Budget** - The Town's financial plan which outlines proposed expenditures for the upcoming fiscal year and estimates revenues which will be used to finance them.
- Operating Expenses** - Those expenditures of a recurring nature, covering services and supplies necessary to operate individual departmental activities.
- Personal Property** - Movable property classified within two categories: tangible and intangible. "Tangible" or touchable, property includes items of visible and movable property not permanently affixed to real property. "Intangible" or non-touchable, property includes stocks, bonds, notes, cash, bank deposits, accounts receivable, patents, trademarks, copyrights and similar assets.
- Personnel Services** - Salaries and wages paid to employees for full-time, part-time and temporary work, including overtime and similar compensation. Also included in this account group are employee benefits paid for employees.
- Program** - A well-defined portion of the operating plan for which a distinct set of goals and objective may be developed.
- Property Tax Rate** - The rate at which real property in the Town is taxed in order to produce revenues sufficient to conduct necessary governmental activities.
- Property Tax** - Tax paid by those owning property in the Town.
- Proprietary Fund** - A fund used to account for the operations similar to those in the private sector. This includes enterprise funds. The focus is on determination of net income, financial position and changes in financial position.
- Public Safety** - A group of expenditures related to the provision and enforcement of law enforcement and fire and disaster protection.
- Real Property** - Land, buildings, and items permanently affixed to land or buildings.
- Real Property Value** - The value of land and buildings which are taxable.
- Reappraisal** - The process of revaluing a jurisdiction's real property in order to adjust the tax value to the market value; by North Carolina law, a revaluation must be conducted at a minimum of every eight years. Property was revalued as of January 1, 2001.

GLOSSARY

Reclassification - A change in the classification and corresponding job title of an existing position which results from a major change in assigned responsibilities.

Reserve - An account designated for a portion of the fund balance which is to be used for a specific purpose.

Revenue - All funds that the Town government receives as income, including items such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

Revenue Neutral Tax Rate – G.S. §159-11(e) states that “the revenue-neutral tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred.”

Rolling Stock – Vehicles and other similar equipment which use wheels to move about.

Rural Buffer - Established by the 1987 Joint Planning Agreement between Carrboro, Chapel Hill and Orange County, the Rural Buffer is defined as a belt of land surrounding the Towns of Chapel Hill and Carrboro, that will remain rural in character, contain low-density residential uses (1 dwelling unit per two acres of land), and not require urban services (public water and sewer).

Sales Tax - Tax paid by retail consumers.

Service Level - The amount of service provided during the fiscal year as indicated by one or more performance indicators.

Shared Ride – An extension of transit service to designated areas of town which do not receive regular bus service.

Special Assessment - A levy on certain properties to defray part or all of the cost associated with improvements or services which will benefit those properties. For instance, a special assessment would be levied against property owners who have petitioned for paving a street.

Special Districts – A tax district approved by the voters to provide specified services. A special district in the Town is the Downtown Service District which provides improvements in the Town center.

Special Revenue Fund - A fund used to account for the revenues from specific sources which are to be used for legally specified expenditures.

Tax Levy - Revenue produced by applying a given tax rate to a property's assessed, or tax value.

TOC – Town Operations Center: Town property on Eubanks Road, site of Public Works and Transit Operations.

GLOSSARY

Town Council - Nine-member Council elected at large by the voters of the Town for four year terms.

Triangle – Chapel Hill is located in central North Carolina, in the area commonly referred to as the Triangle, including Orange, Durham and Wake Counties.

Two-Thirds Bonds - General obligation bonds that can be issued by a local government without voter authorization under a formula set by the State of two-thirds of the previous year's net debt reduction.

Urban Services Area - Defined as the area within which public utilities and services are currently available or will be provided in the future. The Urban Services Area includes not only the urban area of Chapel Hill, but also of Carrboro and several “transition areas” which are in the process of changing from rural to urban character.