

Agenda

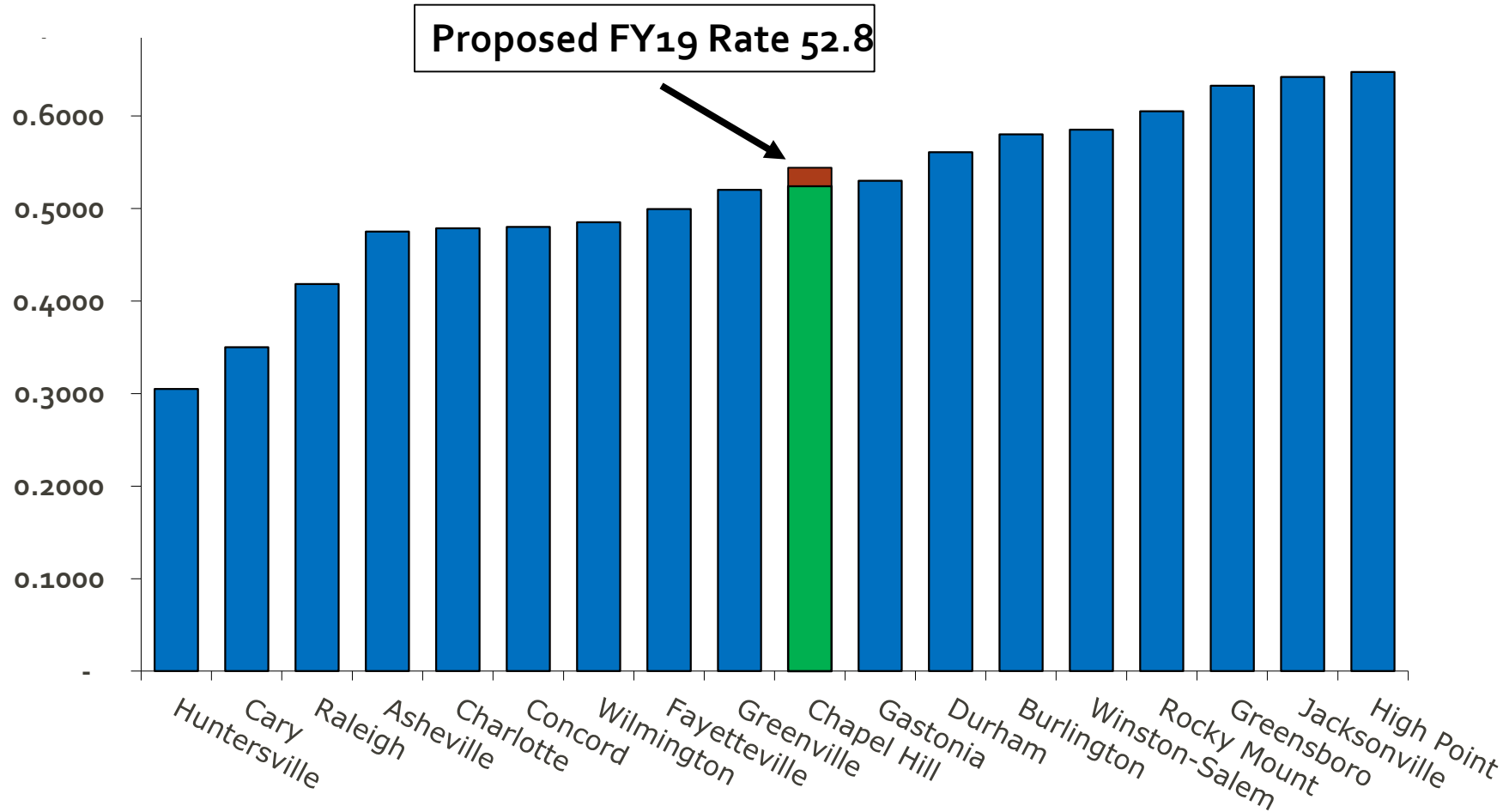
- Introduction – Roger Stancil
- Connected Community – Bergen Watterson and Captain Donnie Rhoads
- Vibrant and Inclusive Community – Loryn Clark, Susan Brown, Karin Michael, Beth Vazquez
- Tax Rate Reduction Options – Roger Stancil

FY 19 BUDGET

Why doesn't new development cover the Town's
increase in costs?

FY18 Property Tax Rates

NC Cities > 50,000 Population



Source: Local Government Commission Debt Analysis 6/30/17

Impact on Median Property Value

Assessed Property Value	Current Tax 50.8 cents	Proposed Tax 53.8 cents	Revised Rate 52.8 cents	Increase Revised Rate	Monthly Increase
\$ 100,000	\$ 508	\$ 538	\$ 528	\$ 20	\$ 1.67
150,000	762	807	792	30	2.50
200,000	1,016	1,076	1,056	40	3.33
250,000	1,270	1,345	1,320	50	4.17
300,000	1,524	1,614	1,584	60	5.00
350,000	1,778	1,883	1,848	70	5.83
400,000	2,032	2,152	2,112	80	6.67
450,000	2,286	2,421	2,376	90	7.50
500,000	2,540	2,690	2,640	100	8.33
550,000	2,794	2,959	2,904	110	9.17
600,000	3,048	3,228	3,168	120	10.00
650,000	3,302	3,497	3,432	130	10.83
700,000	3,556	3,766	3,696	140	11.67
750,000	3,810	4,035	3,960	150	12.50
800,000	4,064	4,304	4,224	160	13.33
850,000	4,318	4,573	4,488	170	14.17
900,000	4,572	4,842	4,752	180	15.00
950,000	4,826	5,111	5,016	190	15.83
1,000,000	5,080	5,380	5,280	200	16.67

\$350,000 Value
 \$70 Annual Increase
 \$5.83 Monthly Increase

\$1,000,000 Value
 \$200 Annual Increase
 \$16.67 Monthly Increase

How does tax base grow (without raising taxes)?

1. Adding new or redeveloped real estate

- Suburban growth outward
- Infill and redevelopment inward

2. Increase in real estate value

- However revenue neutral rate does not increase revenue



Comparison with High Growth Rate Jurisdictions

	Chapel Hill	Durham	Apex
Tax Base Growth Since 2013*	17.2%	25.2%	52.8%
Tax Rate Increases	FY19 2.0 FY18 0.0 FY17 0.0	FY19 0.0 FY18 1.8 FY17 1.7	FY19 3.5 FY18 2.0 FY17 0.0
Fund Balance	20.0%	22.6%	31.8%
Use of Fund Balance (FY19)	\$3,000,000	\$4,319,000	\$2,280,000
GF Budget (FY19)	\$66,370,000	\$201,106,010	\$61,356,400

*Includes revaluation growth

Cary Suburban Growth

<u>Area Name</u> <u>(square miles)</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
Cary	10.04	31.16	42.09	54.35
Chapel Hill	12.55	16.53	19.75	21.12
Ratio:	0.80	1.89	2.13	2.57

How much growth moves the needle?



It would take 2.3 East 54 Developments to create \$435,780 in new property tax revenue.

Growth in Chapel Hill



Year and title



Vs. Charlotte

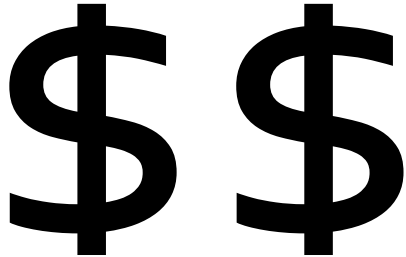
Strategic Economic Development Investments

Infrastructure

- Blue Hill
- Carraway Village

Jobs and Brownfield

- Wegmans

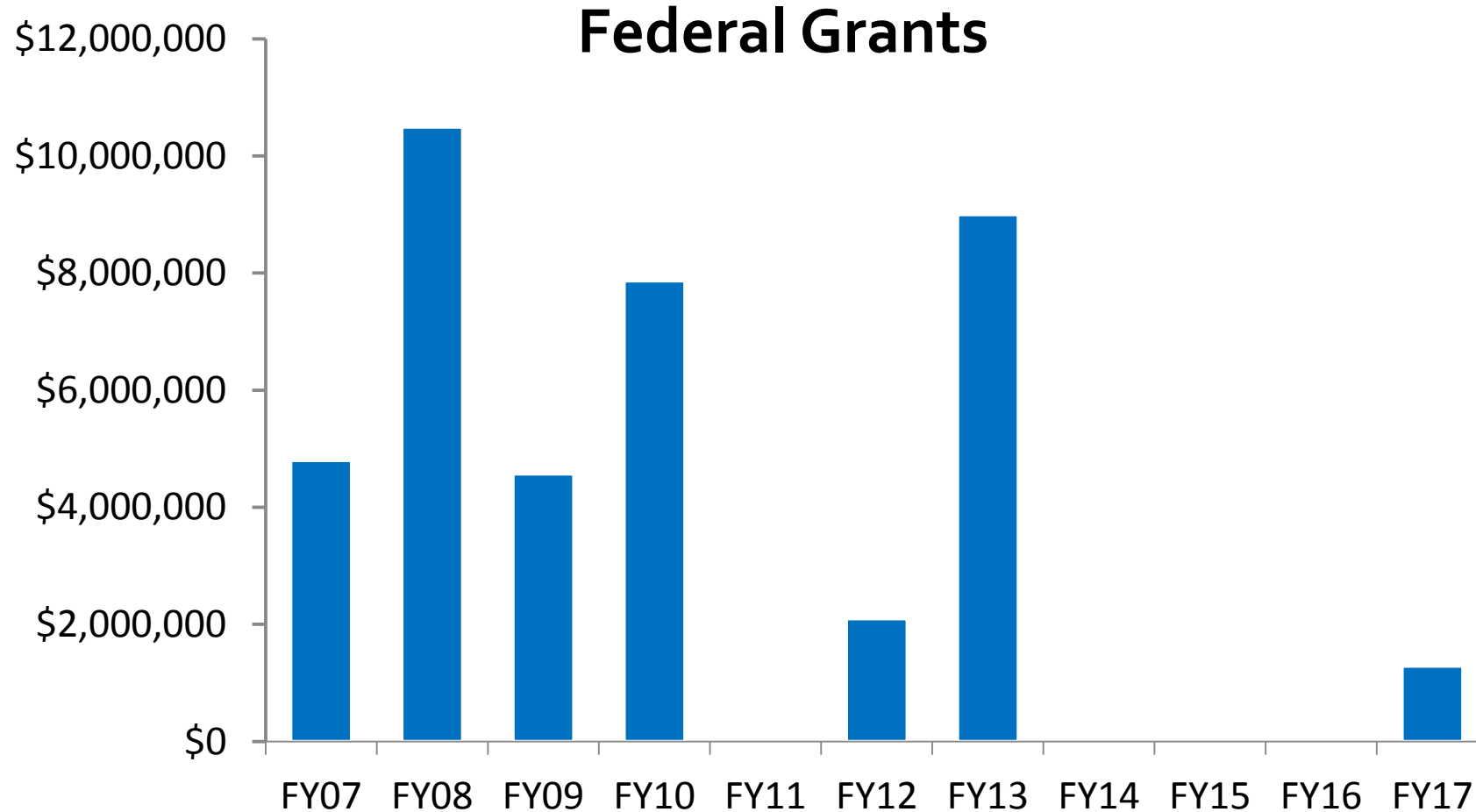


FY 17-23

Strategic Plan + FLUM



Unreliable Bus Replacement Grants



Costs Absorbed in General Fund

	FY14	FY15	FY16	FY17	FY18*	FY19**
General Fund Tax Rate	38.8	38.8	38.8	38.8	37.6	38.6
Penny for Housing	0	\$688,000	\$688,000	\$688,000	\$688,000	\$688,000
OPEB (operating budget)	0	0	0	\$525,000	\$630,000	\$630,000
Total Increase	0	\$688,000	\$688,000	\$1,213,000	\$1,318,000	\$1,318,000

* Revaluation Year – revenue neutral tax rate adopted

** Revised recommended tax rate (1.0 cent increase)

FY 19 Budget

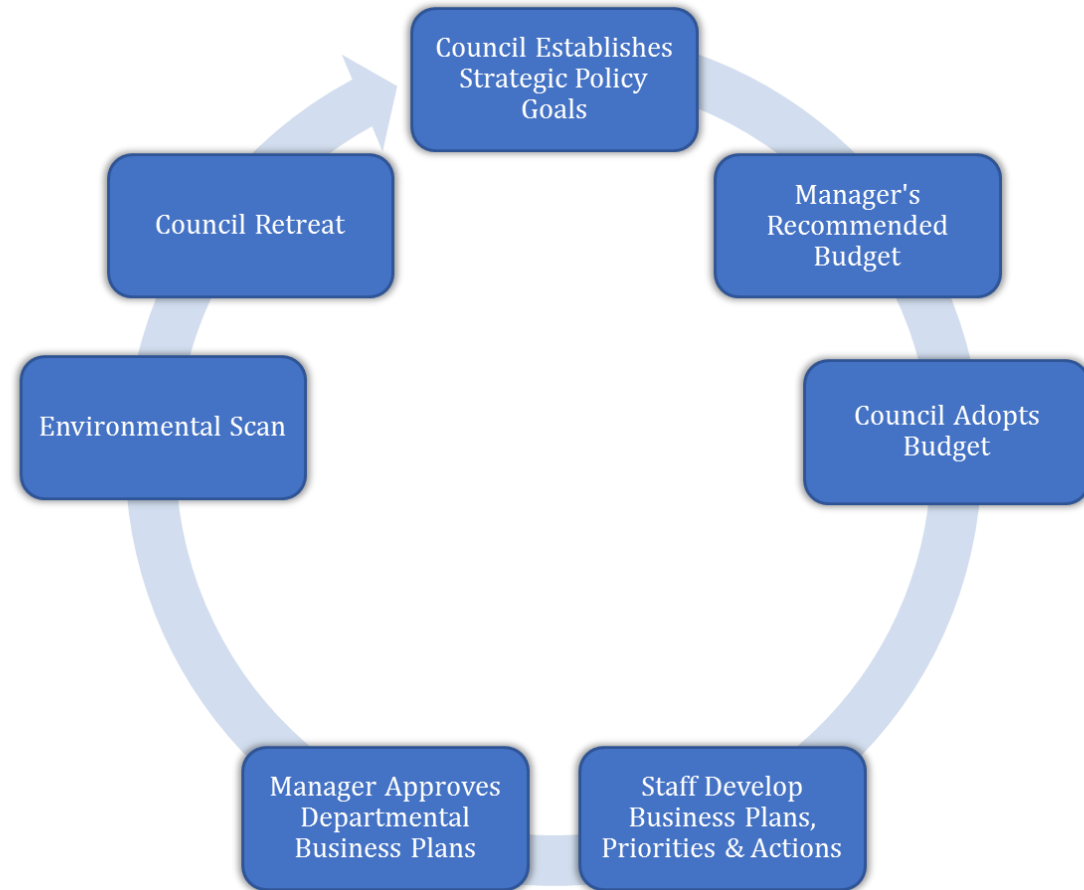
- Responsible
- Resilient
- Strategic
- Lean

Headlines

- Increase in cost is normal.
- Budget stewards our values and invests in the future.
- Continue to innovate and collaborate.



How can we manage the budget process differently next year?



Build out Strategic Plan for each Goal Area

GOAL: CONNECTED COMMUNITY

To create a highly connected community where bicycling, walking, and transit are convenient, everyday choices for our neighborhoods, businesses, and public spaces.

Strategic Objectives

1. Improve neighborhood parking and traffic issues

FY 19 Actions

- Management of current and expanded parking
- Install and activate Smart City parking technology
- Complete necessary Wallace Deck repairs
- Create Downtown Ambassador Program

2. Expand and link walking, bicycling, and shared use of public transit

FY 19 Actions

- Mobility and Connectivity street and sidewalk

3. Foster local and regional transit options that are convenient for people of all ages and abilities to get around

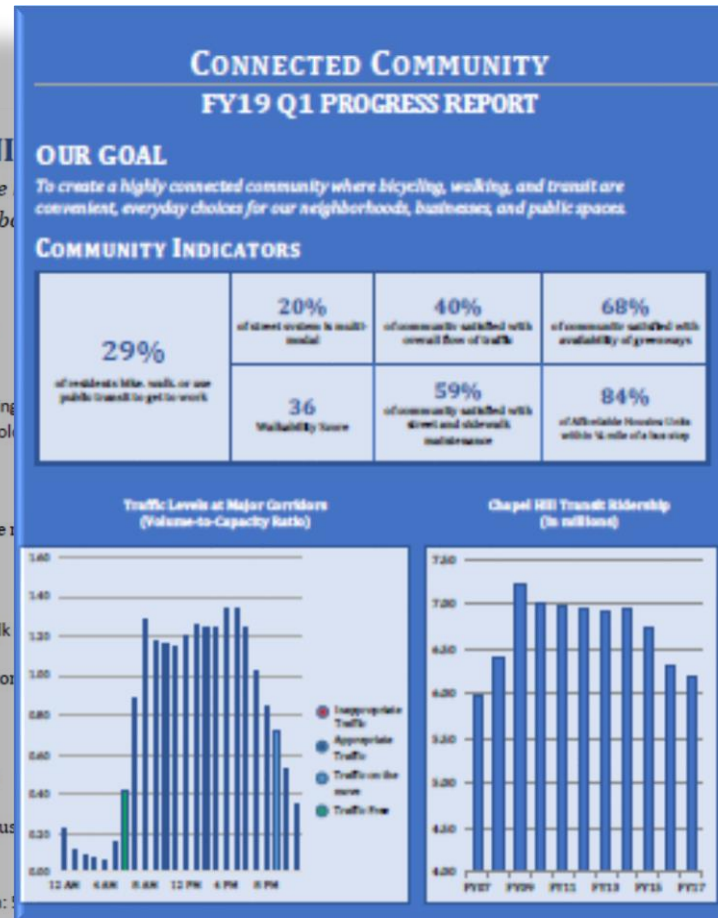
FY 19 Actions

- Maintain current Chapel Hill Transit services

4. Develop a public transit model that is financially sustainable

FY 19 Actions

- Chapel Hill Transit bus replacement program: replace 100 route buses
- Chapel Hill Transit Service Development Plan
- Chapel Hill Transit Memorandum of Understanding

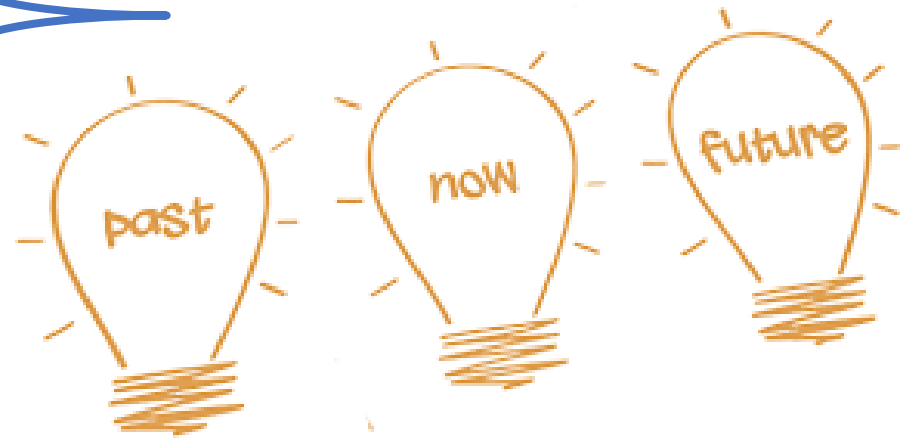


1. Create outcome metrics
2. Create work plan (objectives and actions)
3. Fund priorities

FY 20 Budget Topics

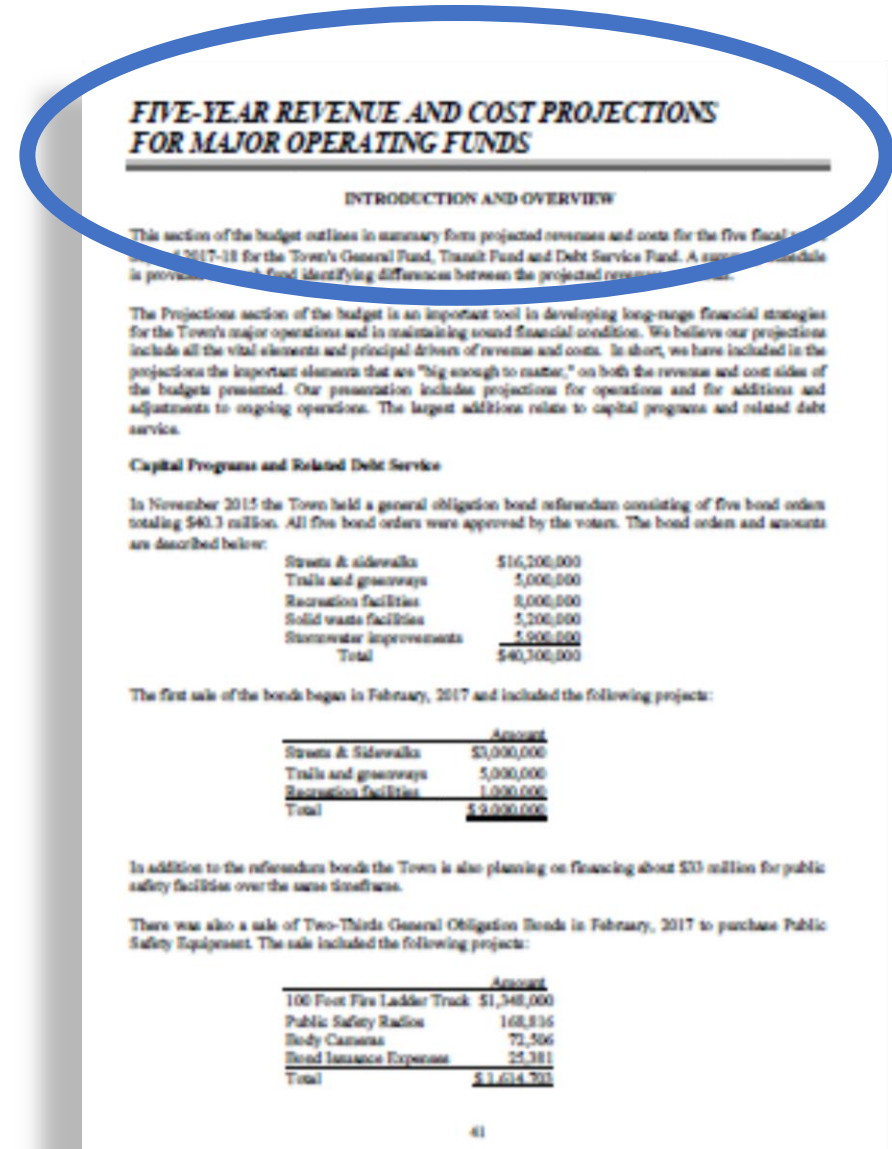
- OPEB
- Fund Balance Target
- Compensation Philosophy
- Transit Future
- Debt Strategy

Forecasting



Forecasting

- **Current Practice:**
Budget includes 5 year projections of cost and revenues
- **New Practice:**
Create scenarios based on Council direction that balance costs and revenues



FY 19 Budget

- Reduction options for transit, debt and general fund
- Need Council direction to prepare budget ordinance for June 13

Next steps

- **June 13**: Budget and Strategic Plan Adoption



- **July 1**: New Business Plan Cycle – integrate Council's Strategic Plan
- **September**: Begin work with new manager on budget forecasting and strategic plan refinement

From 3.0 to 2.0 cent increase

- Defer debt fund increase
- Negotiated other Insurance Packaging

Tax Rate Reduction Options

General Fund	Transit Fund (-0.15)
<p>Building Maintenance</p> <ul style="list-style-type: none">• Reduction: \$240,000• Tax Rate Change: -0.3 cents	<p>Health Insurance (apply deductible savings to Transit) \$30,000</p>
<p>Street Resurfacing</p> <ul style="list-style-type: none">• Reduction: \$240,000• Tax Rate Change: -0.3 cents	<p>Advertising Revenue +/- \$150,000</p>
<p>Fund Balance</p> <ul style="list-style-type: none">• Addition: \$240,000 <i>(This an addition to revenue)</i>• Tax Rate Change: -0.3 cents	<p>Other Revenues: budget potential increase of \$50,000</p>