## Agenda

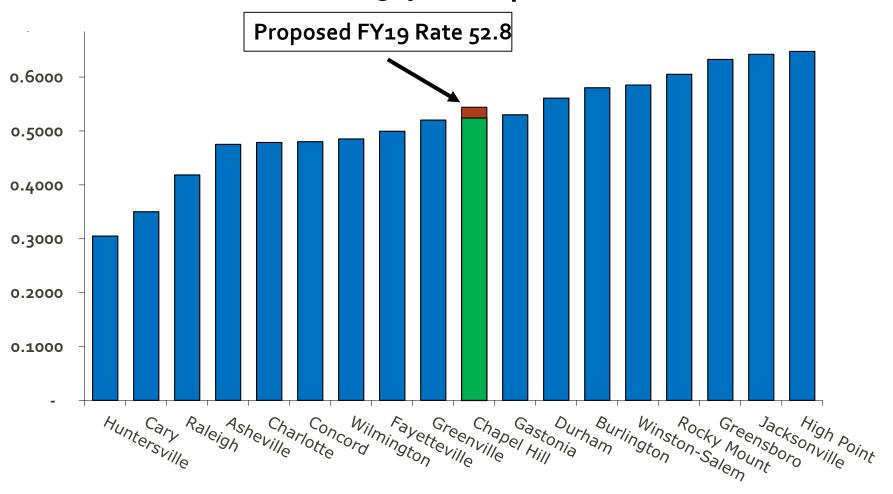
- Introduction Roger Stancil
- Connected Community Bergen Watterson and Captain Donnie Rhoads
- Vibrant and Inclusive Community Loryn Clark, Susan Brown, Karin Michael, Beth Vazquez
- Tax Rate Reduction Options Roger Stancil

# 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	Current Tax	Proposed Tax	Revised Rate	Increase Revised	
Value	50.8 cents	<b>53.8 cents</b>	52.8 cents	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> (square miles)	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
Cary Chapel Hill	10.04 12.55	31.16 16.53	42.09 19.75	54.35 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



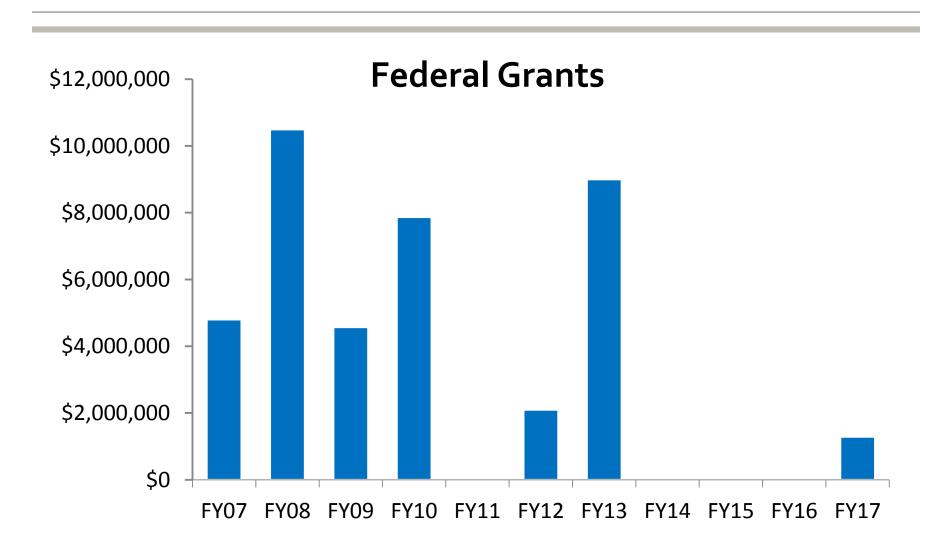


FY 17-23

# 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

<sup>\*</sup> Revaluation Year – revenue neutral tax rate adopted

<sup>\*\*</sup> Revised recommended tax rate (1.0 cent increase)

# FY 19 Budget

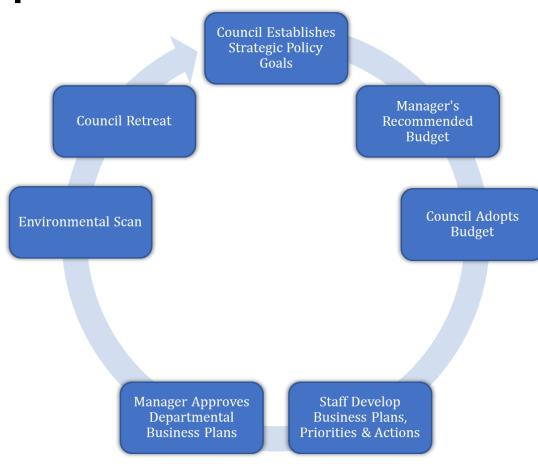
- Responsible
- Resilient
- Strategic
- •Lean

### 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 COMMUNI OUR GOAL

To create a highly connected community where are convenient, everyday choices for our neighborspaces.

### Strategic Objectives

1. Improve neighborhood parking and traffic issues

### FY 19 Actions

- Management of current and expanded parking
- Install and activate Smart City parking technole
- Complete necessary Wallace Deck repairs
- o Create Downtown Ambassador Program
- Expand and link walking, bicycling, and shared use 1 public transit

### FY 19 Actions

- Mobility and Connectivity street and sidewalk
- Foster local and regional transit options that are con people of all ages and abilities to get around

### FY 19 Actions

- o Maintain current Chapel Hill Transit services
- 4. Develop a public transit model that is financially sus

### FY 19 Actions

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



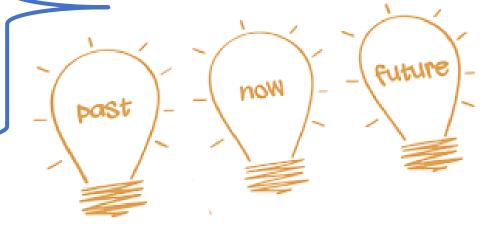


- Create outcome metrics
- Create work plan (objectives and actions)
- 3. Fund priorities

## 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

### FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

### INTRODUCTION AND OVERVIEW

This section of the budget outlines in summary from projected revenues and costs for the five fines!

1 M17-38 for the Town's General Fund, Transit Fund and Debt Service Fund. A successful is provided in providing districtlying differences between the projected revenues.

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 engoing operations. The largest additions relate to capital programs and related debt service.

### Capital Programs and Related Debt Service

In Nevember 2015 the Town held a general obligation bond referendum consisting of five bond orders totaling \$40.3 million. All five bond orders were approved by the voters. The bond orders and amounts are described below:

Streets & siderralks	\$16,200,000
Trails and greenways	5,000,000
Recruption facilities	8,000,000
Solid waste facilities	5,200,000
Storowster improvements	5,900,000
Total	\$40,300,000

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

	Amount
Streets & Sidewalks	\$3,000,000
Trails and greenways	5,000,000
Recruption facilities	1,000,000
Total	\$9,000,000

In addition to the referendum bonds the Town is also planning on financing about \$30 million for public sufery facilities over the same timeframe.

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

	Appount
100 Foot Fire Ladder Track	\$1,348,000
Public Safety Radios	168,836
Body Cameras	72,50
Bond Issuance Expenses	25,38
Total	\$1,614.70

## 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)
<ul><li>Building Maintenance</li><li>Reduction: \$240,000</li><li>Tax Rate Change: -0.3 cents</li></ul>	Health Insurance (apply deductible savings to Transit) \$30,000
<ul><li>Street Resurfacing</li><li>Reduction: \$240,000</li><li>Tax Rate Change: -0.3 cents</li></ul>	Advertising Revenue +/- \$150,000
<ul> <li>Fund Balance</li> <li>Addition: \$240,000         (This an addition to revenue)</li> <li>Tax Rate Change: -0.3 cents</li> </ul>	Other Revenues: budget potential increase of \$50,000