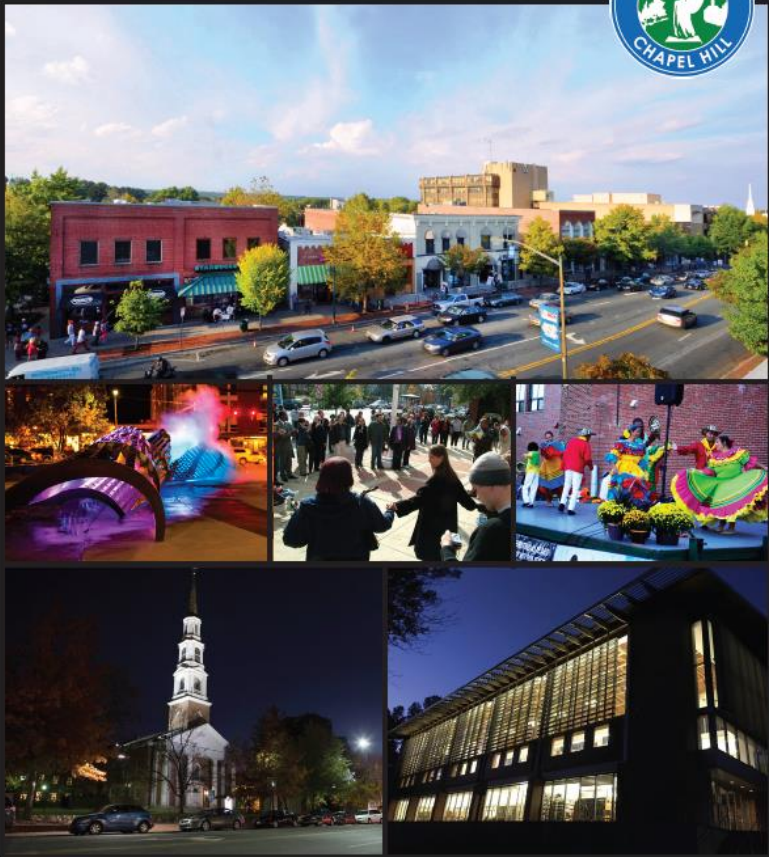


Manager's Recommended Budget FY18-19

Town of Chapel Hill
North Carolina



Manager's Recommended Budget
FY 2018-19

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Manager's Recommended Budget FY18-19



Our Mission. *Learning, serving, and working together to build a community where people thrive.*

Council's Strategic Goals

- I. Connected Community
- II. Economic & Financial Sustainability
- III. Safe Community
- IV. Affordable Housing
- V. Vibrant & Inclusive Community
- VI. Environmental Stewardship
- VII. Collaborative & Innovative Organization



Annual Process





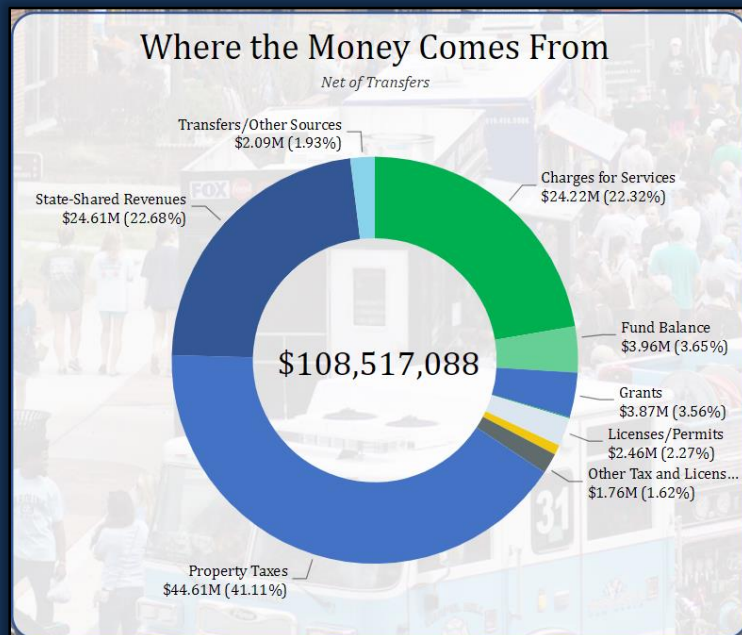
Council Review

- Does this recommended budget get the resource allocation right? Is anything missed?

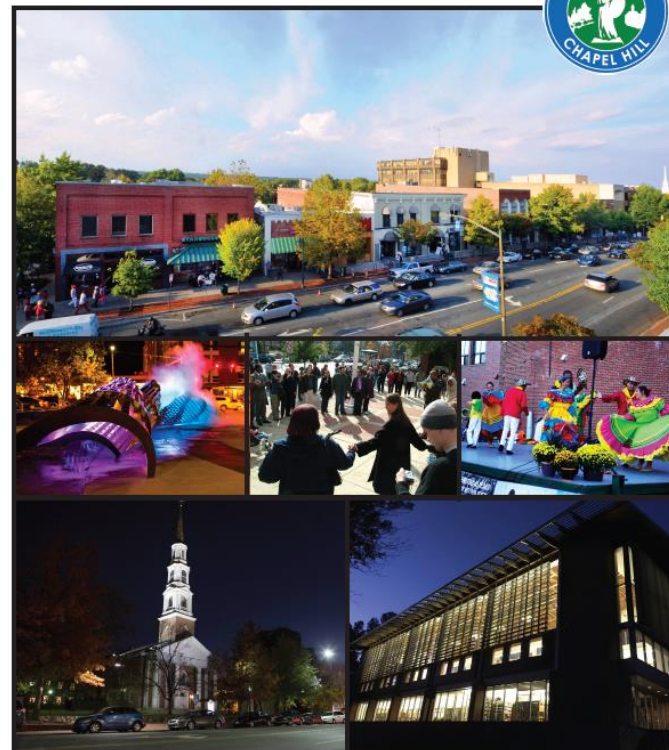


Budget Resources

- Budget Notebook
- Budget Dashboard
- Budget Development web-page
- Responses to your questions



Town of Chapel Hill
North Carolina



**Manager's Recommended Budget
FY 2018-19**

Manager's Recommended Budget Highlights FY2018-19



Responsible, Resilient, Lean and Strategic

- Smart investments in maintenance
- Protecting fund balance to promote resiliency
- Strategic cuts that do not impact services
- Supporting our most valuable resources
- Supporting Council's Strategic Priorities

Property Tax Rates

(3.0 cents recommended increase)



- 1.0 Cents for Transit – *to maintain service levels and renew fleet*
- 0.8 cents for Debt – *to support replacement and reconstruction of public assets*
- 1.2 cents for General Fund – *to support core services and sustainability*

Current Tax Rate

50.8

Proposed Tax Rate

53.8



Chapel Hill Transit

- Funding commitments to partnership require tax increase of 1.0 cents
- Fleet replacement costs driving revenue needs
- UNC and Carrboro funding shares increasing significantly (\$1.36m & \$327,000)
- Budget includes North South BRT design funds from Orange County Transit Plan



Debt Fund (Capital Financing)

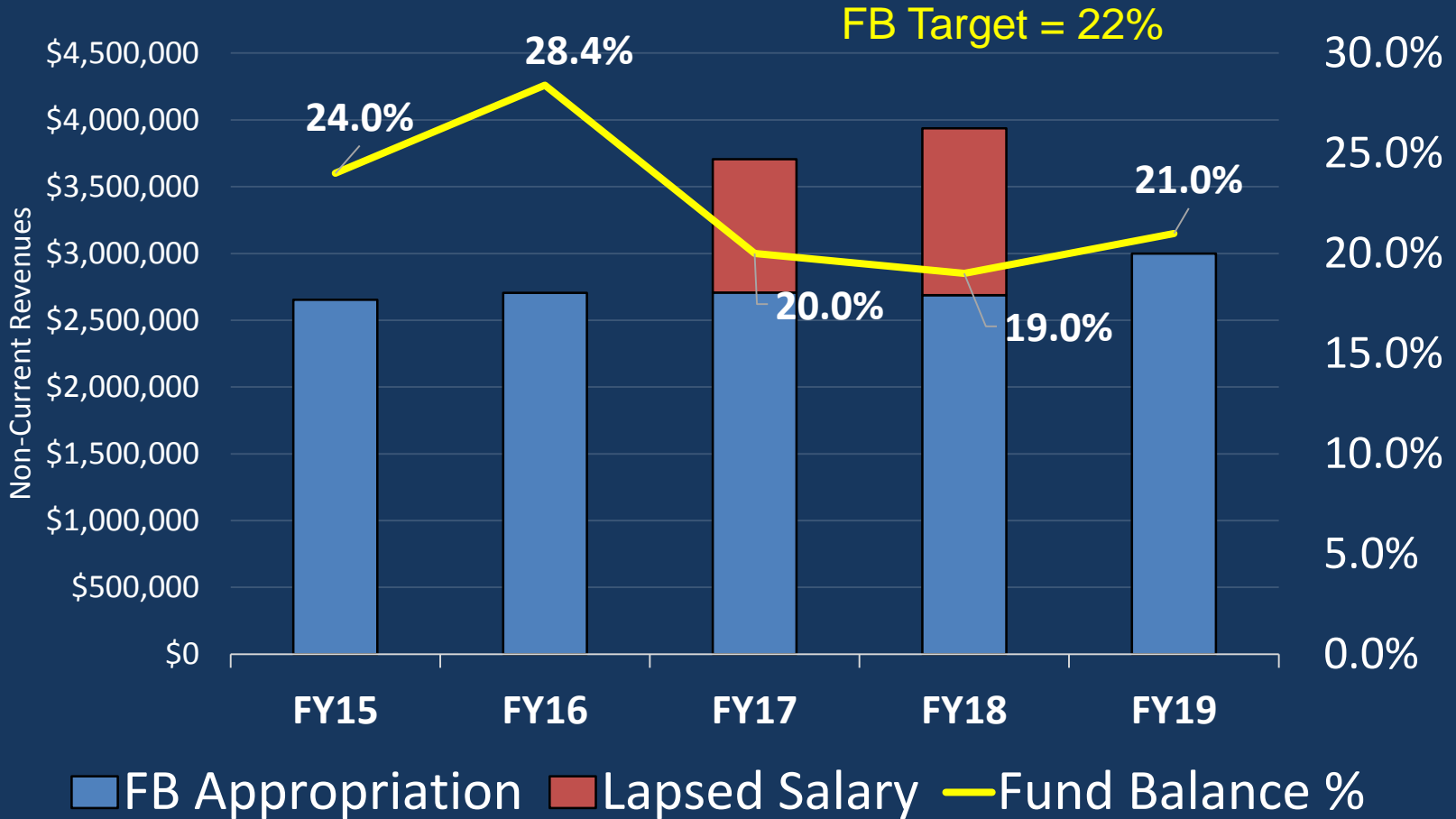
- Tax increase is needed to fund planned major capital projects including:
 - Municipal Services Center
 - Streets & Sidewalks
 - Wallace Deck
- Tax increase of 0.8 cents in FY19 covers projects for next 5 years



General Fund (Core Services)

- Tax increase is overdue (1.2 cents)
- We cannot use fund balance to fix our revenue problem – fund balance is now below target level (22%)
- Budget maintains existing service levels
- Cost cuts of \$470,000 included in budget
- Strategic priorities are represented throughout the budget

General Fund Fund Balance Use



Maintaining Core Municipal Services



- No change in staffing or service levels





Employee Compensation

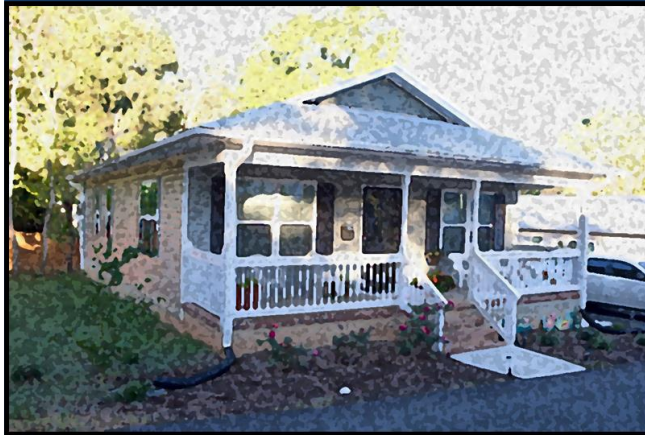
- 3.0% Market Adjustment
- Medical Insurance deductible
- Living Wage Adjustments
- Parental Leave





Affordable Housing

- \$6,235,000 budgeted
- Funding for CDBG & HOME targeted
- Public Housing Master Plan
- Affordable Housing Bond Referendum





Human Service Agencies

- Maintaining commitments to public service agencies performance agreements
- Increase of \$18,593 to the Homeless Initiative and \$7,317 to the Community Home Trust

Performance Agreements with Outside Agencies	FY2017-18	FY2018-19
Human Services	\$ 419,500	\$ 419,500
Environmental	500	0
Arts	13,500	13,500
Affordable Housing	398,637	424,547
Economic Development	280,000	270,000
Total	\$1,112,137	\$1,127,547

Replacement of Police Headquarters



- **Municipal Services Center (MSC)**
- **Design schedule for completion in FY19**
- **Projected cost is about \$31.4 million**



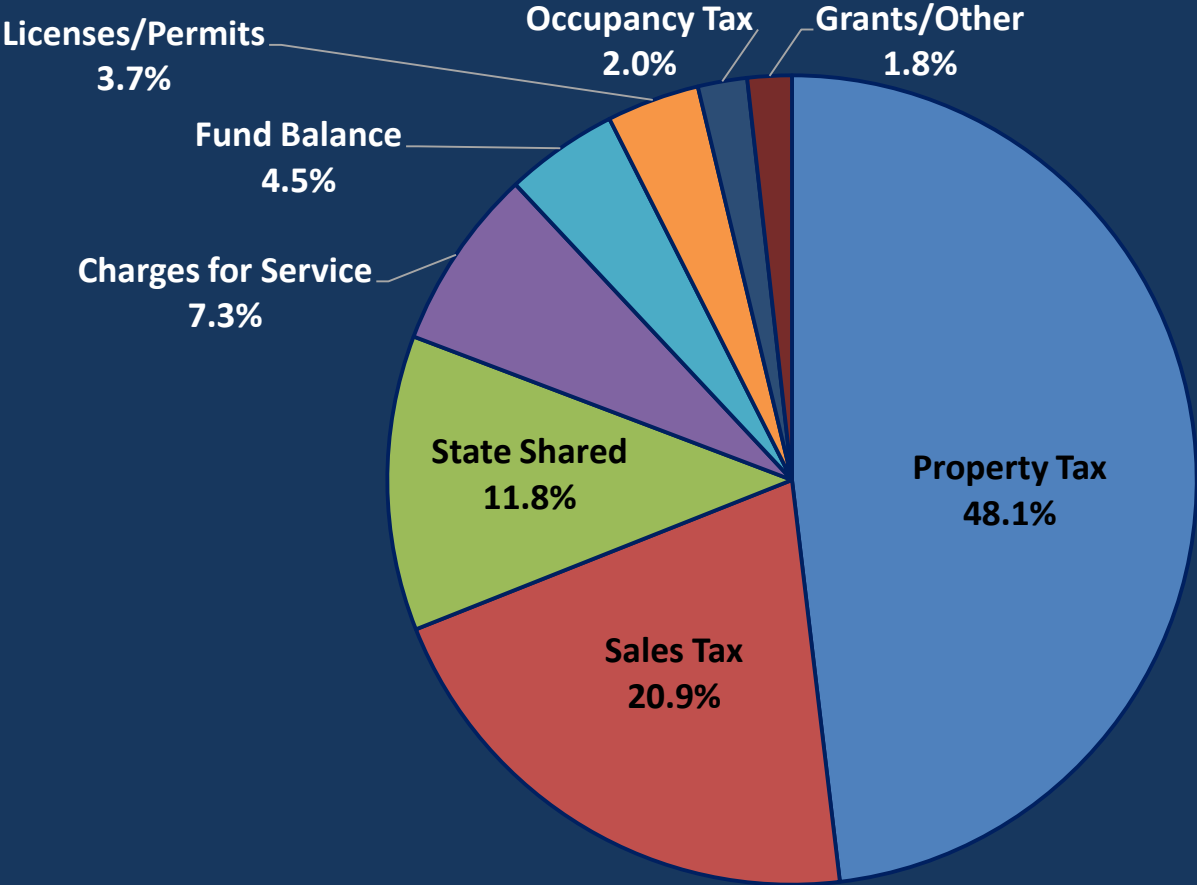
Expenditure Summary

All Funds (includes transfers)

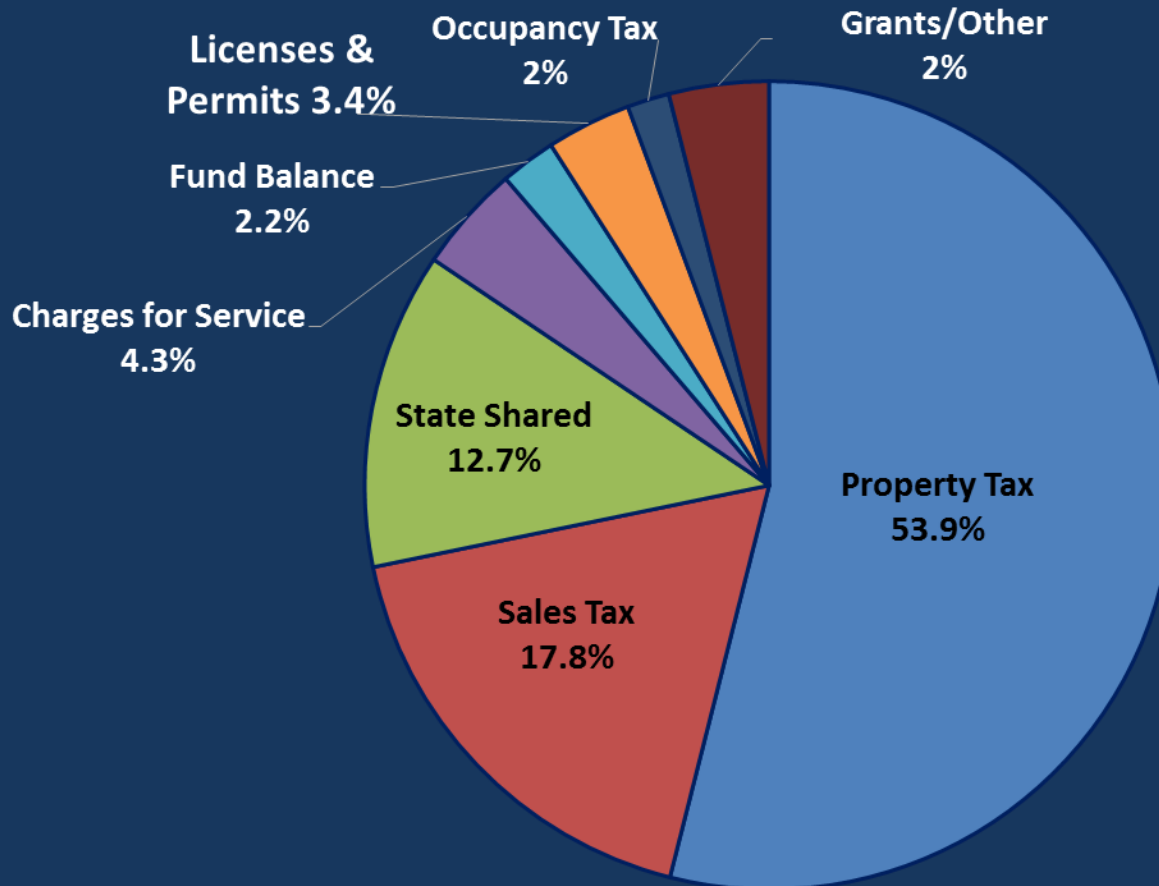


Fund	Adopted FY2017-18	Recommended FY2018-19	Difference
General	\$ 65,531,000	\$ 66,370,000	4.5%
Transit Funds	23,942,992	24,024,185	0.3%
Stormwater	2,722,030	2,724,400	0.1%
Parking	2,668,762	2,600,345	-2.6%
Housing	2,304,199	2,207,418	-4.2%
Debt Service	7,542,793	8,924,231	18.3%
Capital	561,260	322,260	-42.6%
Other	4,034,352	3,956,532	-1.9%
Total	\$ 107,307,388	\$ 111,129,371	3.6%

General Fund Revenues FY2018-19



General Fund Revenues **FY2011-12**



General Fund Revenue Summary FY18-19

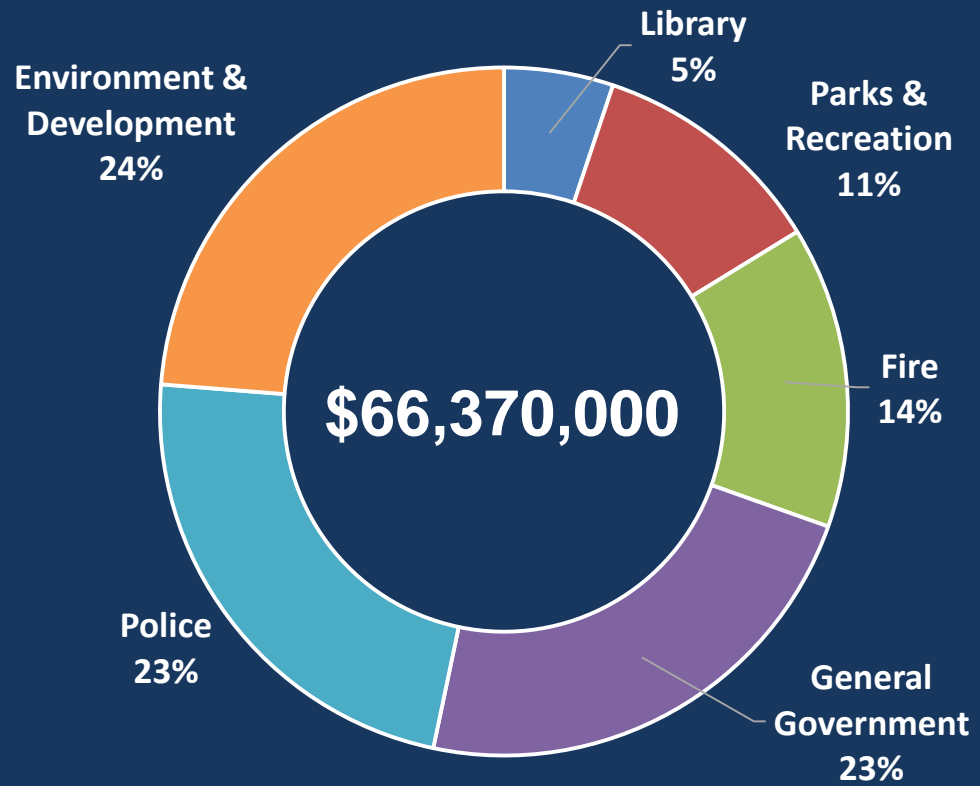


Source	Adopted FY2017-18	Recommended FY2018-19	Difference
Property Taxes	\$ 29,635,000	\$ 31,931,000	7.7%
Sales Taxes	13,677,177	13,853,827	1.3%
Other Taxes	1,300,000	1,307,500	0.6%
State Shared Revenues	8,069,340	7,820,590	-3.1%
Charges for Service	4,748,308	4,820,808	1.5%
Licenses & Permits	2,129,153	2,461,890	15.6%
Grants	779,963	680,899	-12.7%
Other Revenues	508,053	493,600	-2.8%
Approp. Fund Balance	2,684,006	2,999,886	11.8%
Total	\$ 63,531,000	\$ 66,370,000	4.5%

General Fund Expenditures FY2018-19



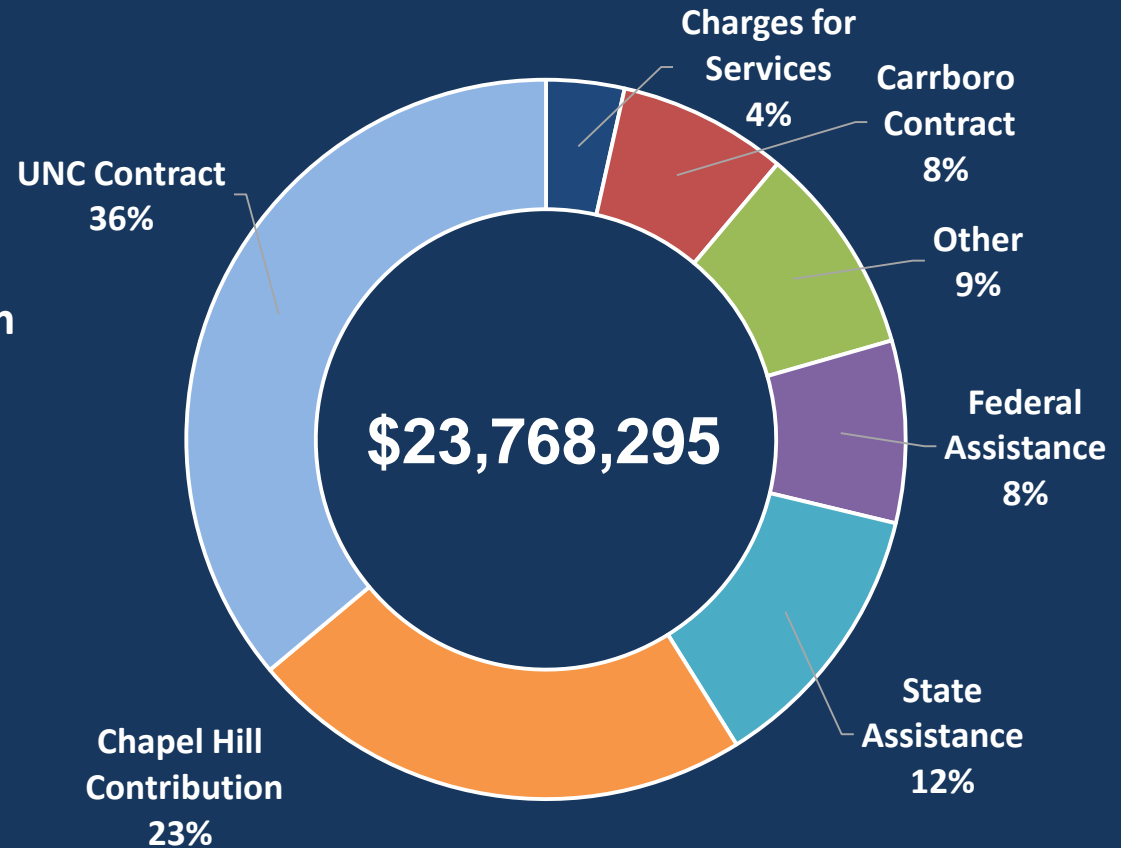
- 4.5% increase
- No increase in FTEs
- Salary Adjustments of 3.0%
- 0.6% increase in Health Insurance
- No Lapsed Salaries Budgeted



Transit Fund Revenues FY2018-19

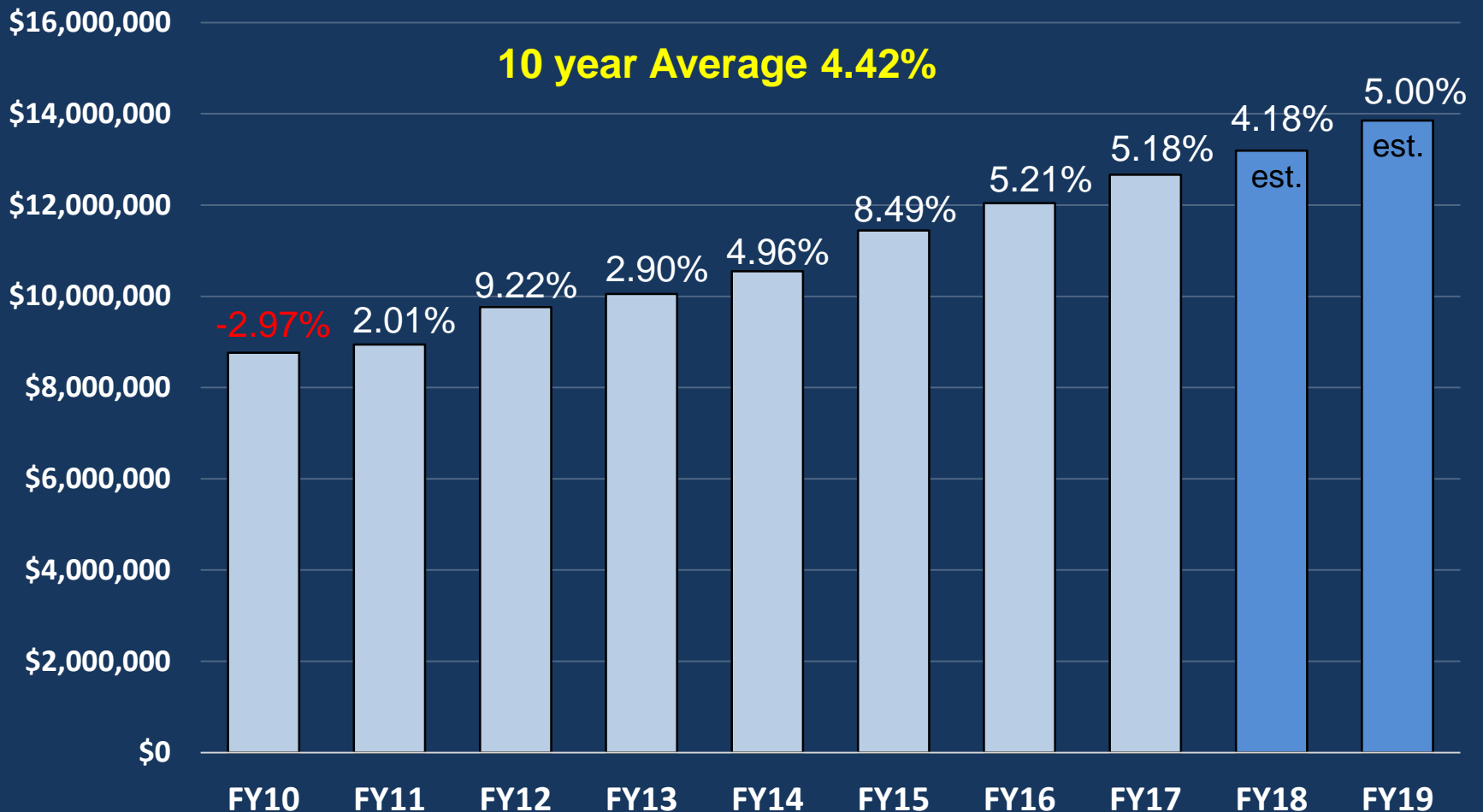


- 1.0 cent increase in tax
- 3.9% increase overall
- No use of Fund Balance
- UNC contract Increase \$1.3m
- Carrboro contract increase \$327,000
- Chapel Hill contribution increase of \$1.0m
- State & Fed Assistance unchanged from FY18





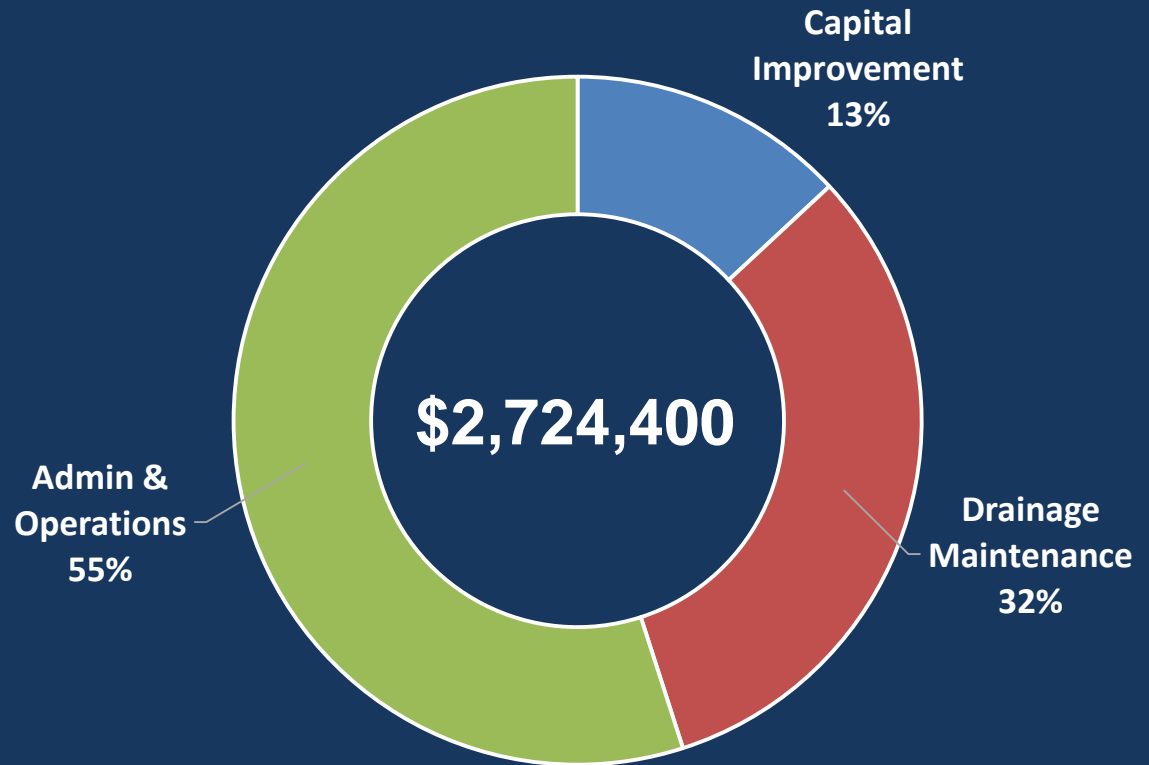
Sales Tax History



Stormwater Fund Expenditures FY2018-19



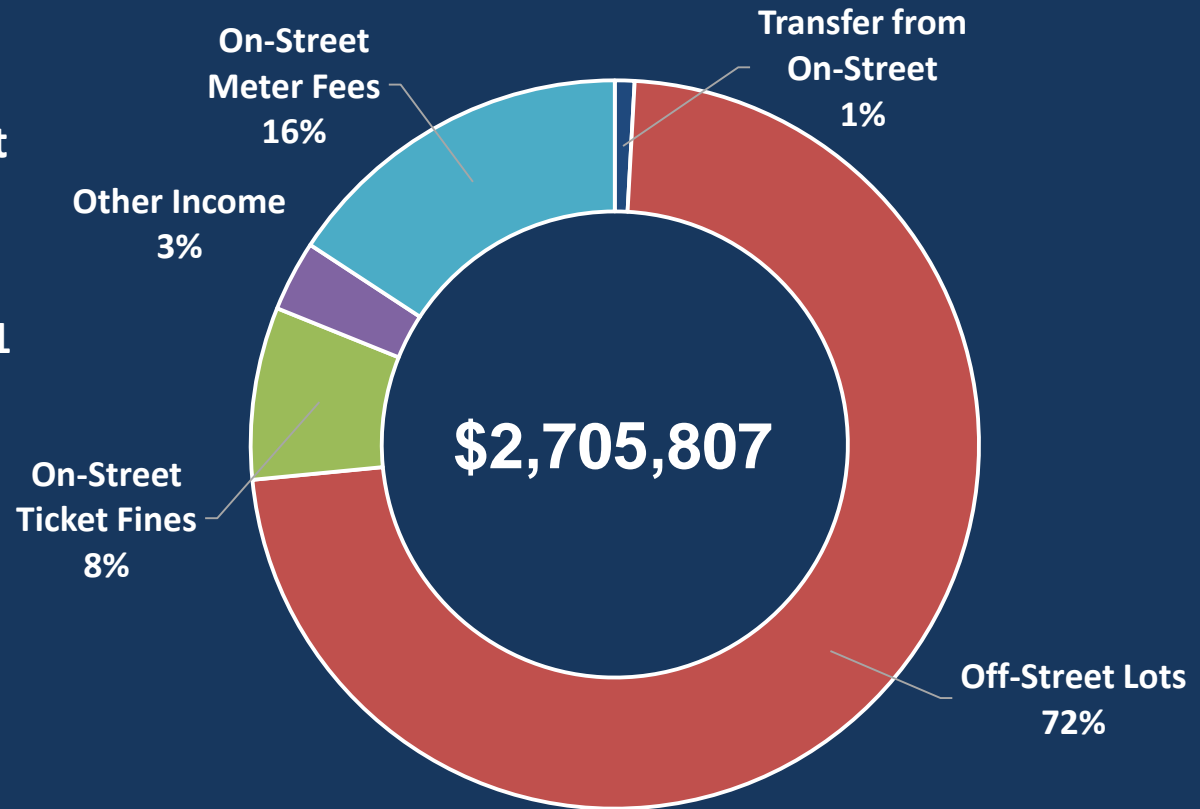
- 0.1% Increase
- No change in stormwater fee
- \$153,000 reduction in operating for one time vehicle costs (FY18)
- Increase in capital outlay of \$246,000



Parking Fund Revenues FY2018-19



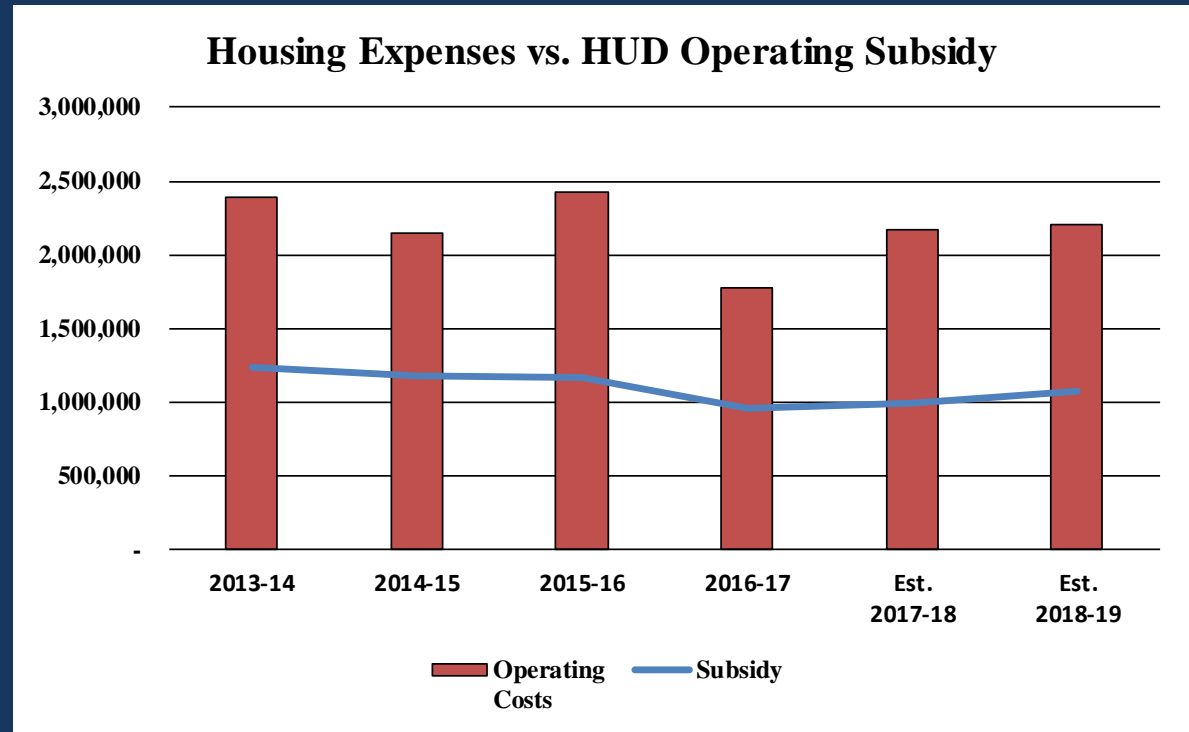
- -2.6% decrease in total budget
- Revenues exceed expenditures by \$105,462
- Expenditures include \$914,631 for debt service



Public Housing Fund Operating Subsidy



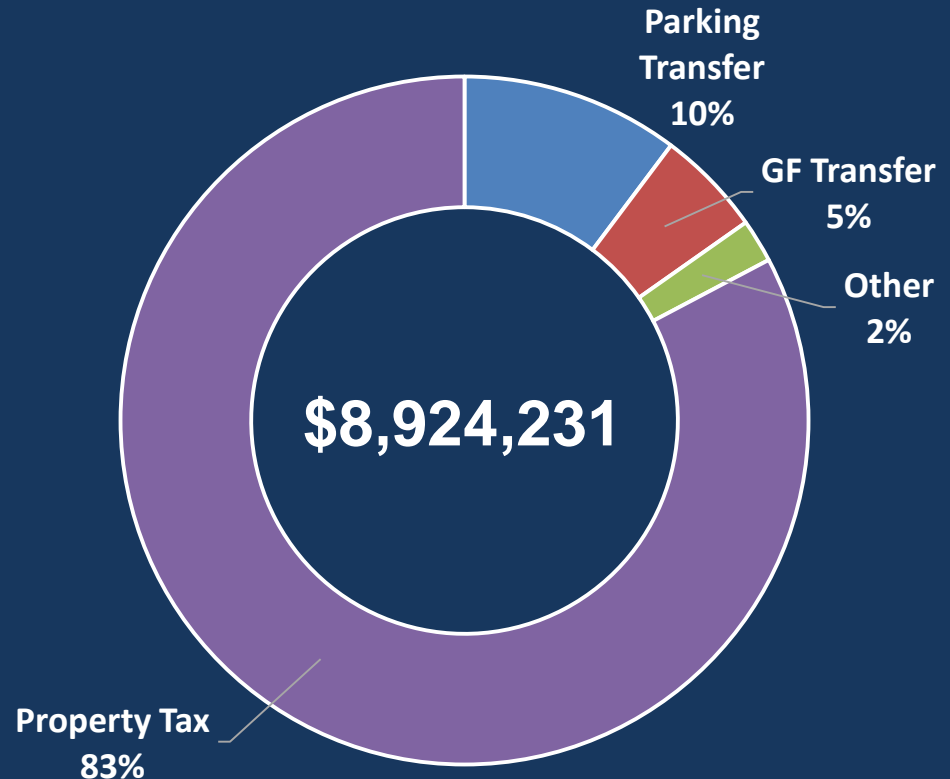
- -4.2% Decrease
- HUD revenues up 8.3% (based on request)
- Rents down 5.5%
- Fund balance appropriation of \$229,538



Debt Service Fund Revenues FY2018-19



- Increase of 0.8 cents on tax rate
- Transfer from GF for Ef (Blue Hill) TIF
- Transfer from Parking for Wallace Deck & 140 West
- Other = BABs & Interest



Capital Fund

Planned Capital Funding



Projects included in the Plan

- Streets & Sidewalks \$ 7.7m
- Municipal Services Cntr. 31.4m
- EF (Blue Hill) Phase II* 2.6m
- Rogers Road** 2.9m
- Wallace Deck 2.4m
- **Total** **\$ 47.0m**

Debt Fund Capacity 48.0m

Funding GAP (\$ 1.0)

Projects not in the 5YR Plan

- Solid Waste Facility \$ 5.2m
- Fire Station No. 3 3.5m
- Fire Station No. 4 3.5m
- Cultural Arts 3.4m
- Varsity Theater 3.5m
- *Affordable Housing* 10.0m
- Old Town Hall 2.5m
- **Total** **\$ 31.6m**

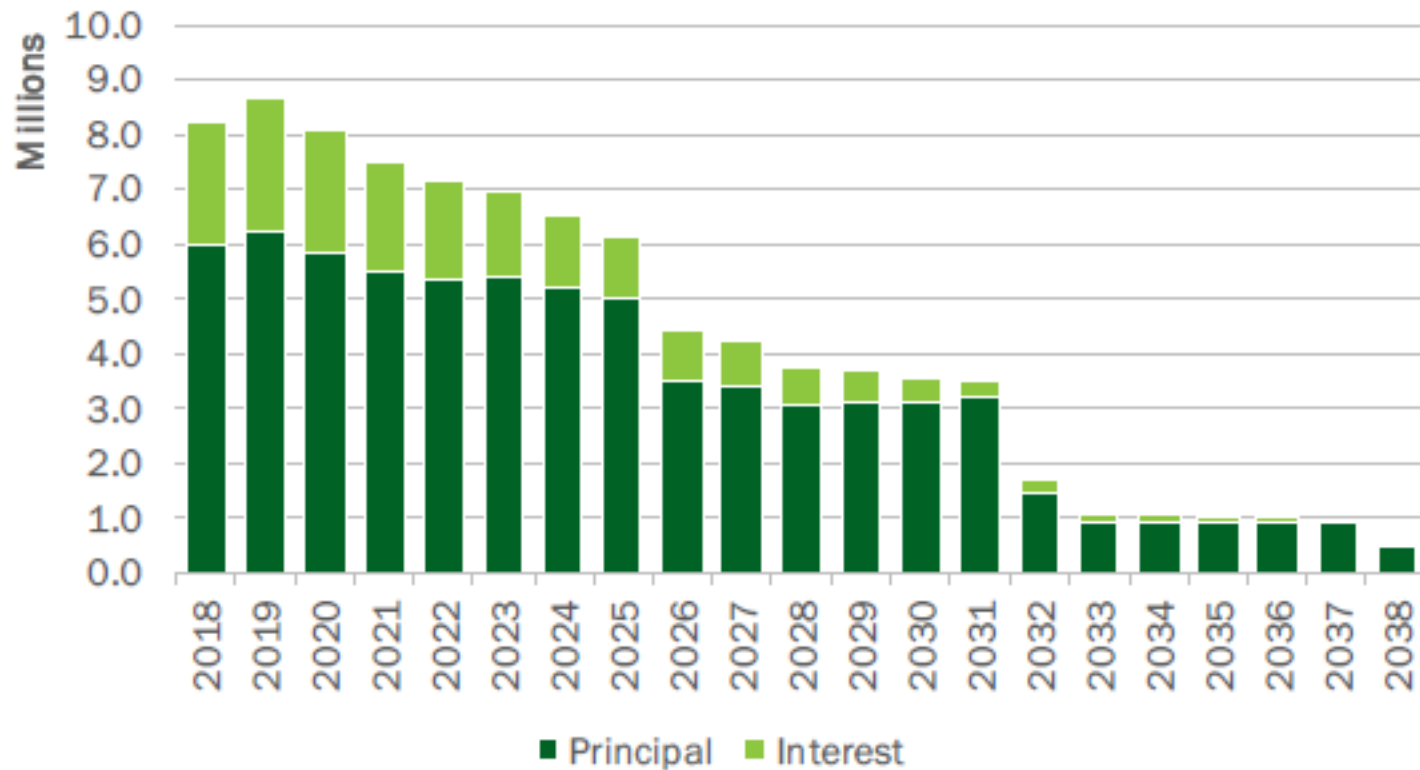
*Repayment through Ef TIF

**Town's portion of County Debt Payments



Debt Profile

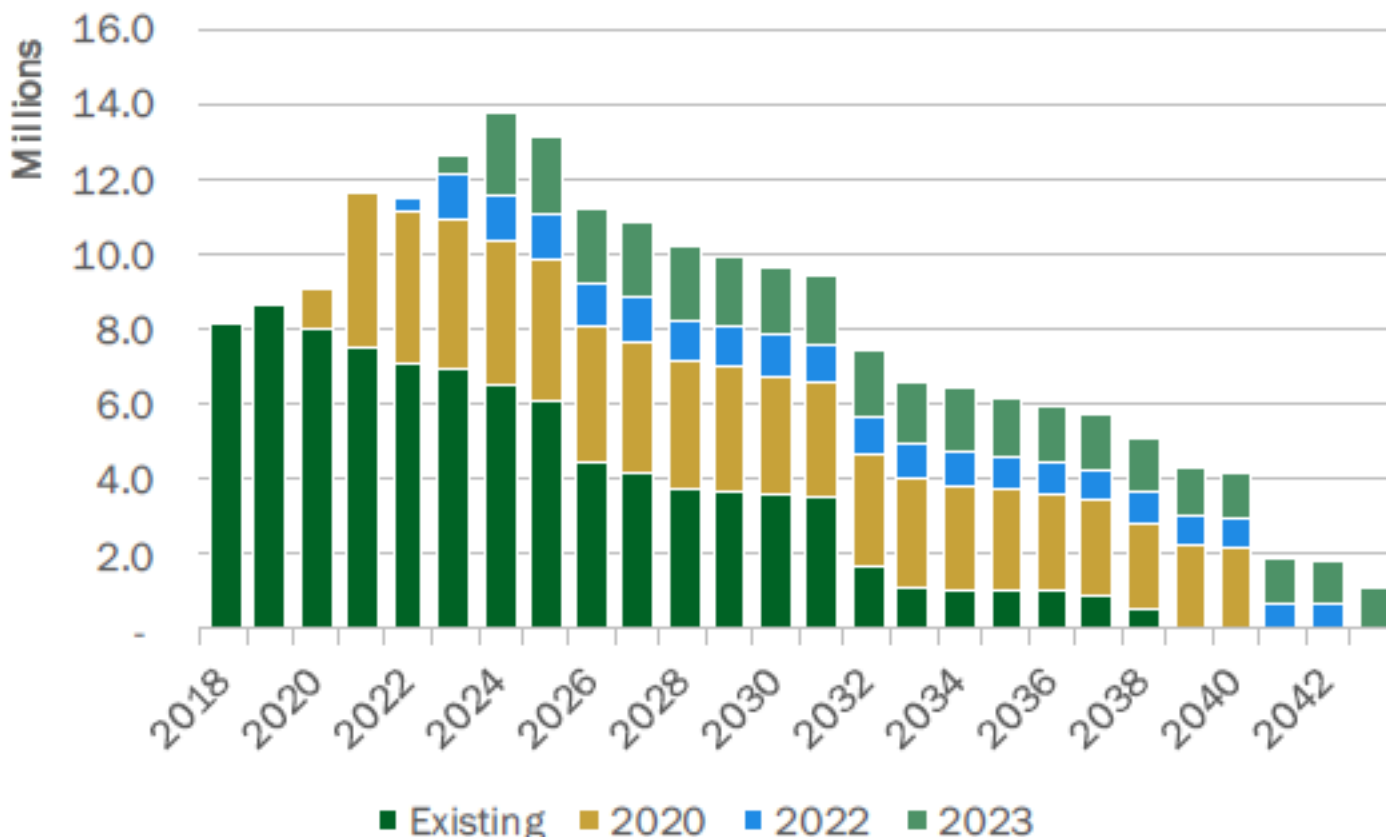
Tax Supported Debt Service





Debt Profile

Existing and Proposed Debt Service





Next Steps

- **May 9** – Public Hearing
- **May 16** – Budget Work Session
- **May 30** – Budget Work Session
- **June 6** – Budget Work Session
- **June 13** – Budget Adoption