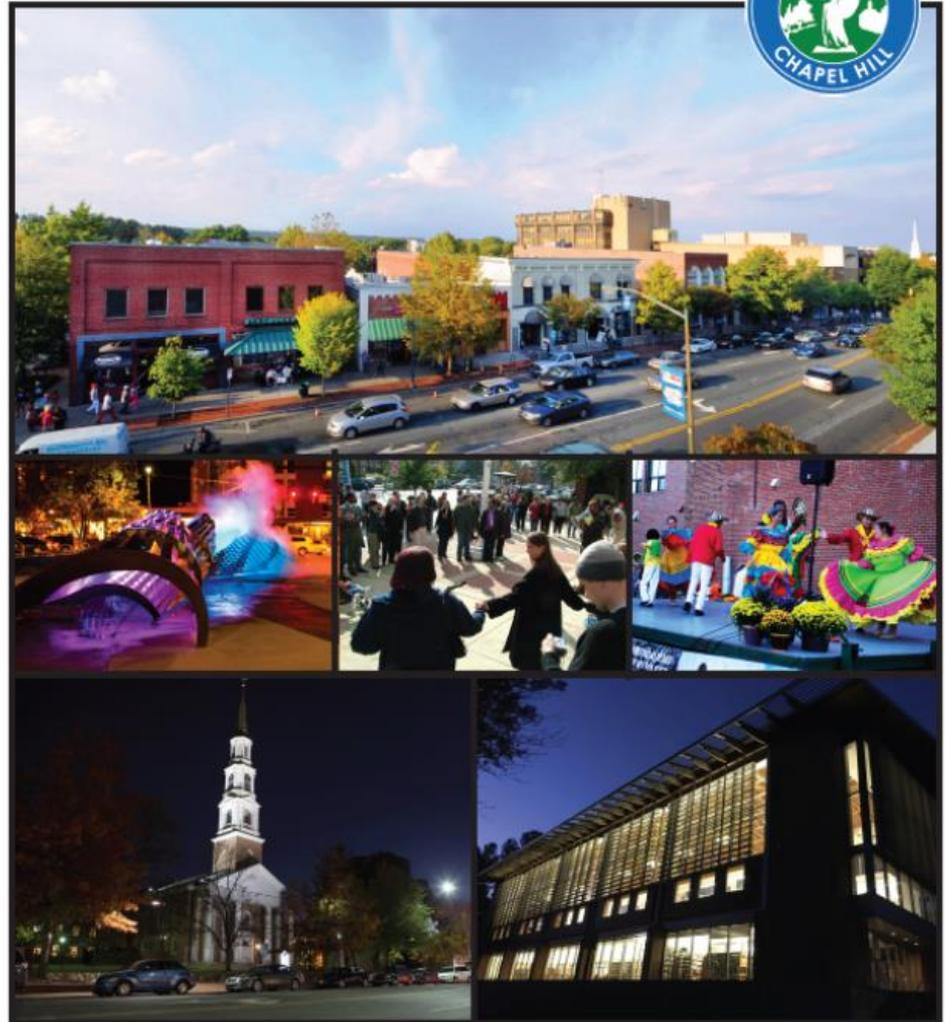




TOWN OF CHAPEL HILL

2018-19 BUDGET ADOPTION

June 13, 2018



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



FY19 Budget Adoption

Recommendation

Enact Ordinance O-1 establishing the Town Budget for the fiscal year beginning July 1, 2018.

Adopt Resolution R-5.1 authorizing next steps following the adoption of the final 2018-2019 budget and related items.



FY19 Budget Summary

Budget in Brief

- No reductions to current services
- Addresses Council's Strategic Priorities
- Includes 1 cent tax increase for General Fund
- Includes 1 cent tax increase for Transit Fund
- Reductions to operating costs \$464,000
- Maintains OPEB prefunding at current level
- Reduces capital Paygo by \$230,000



Changes to Recommended

- Advisory Board expense reimbursement
- Urban Design development review component
- Restore Economic Development sponsorships
- Delay Debt Fund tax increase pending review of capital plan
- Occupancy Tax revenue projection increase



Deferred Decisions

Referred to CDBG Funding Process:

- Food Council funding
- IFC Community Kitchen funding



Employee Compensation

Excellent employees are the key to excellent services

- Maintains competitive compensation:
 - 3% of market pay adjustment
 - Living wage pay adjustments
- Controls Health Insurance care Costs
 - Institutes a health Insurance deductible
 - Maintains investment in Employee Wellness Program
- Maintains OPEB (retiree healthcare) prefunding at FY18 level

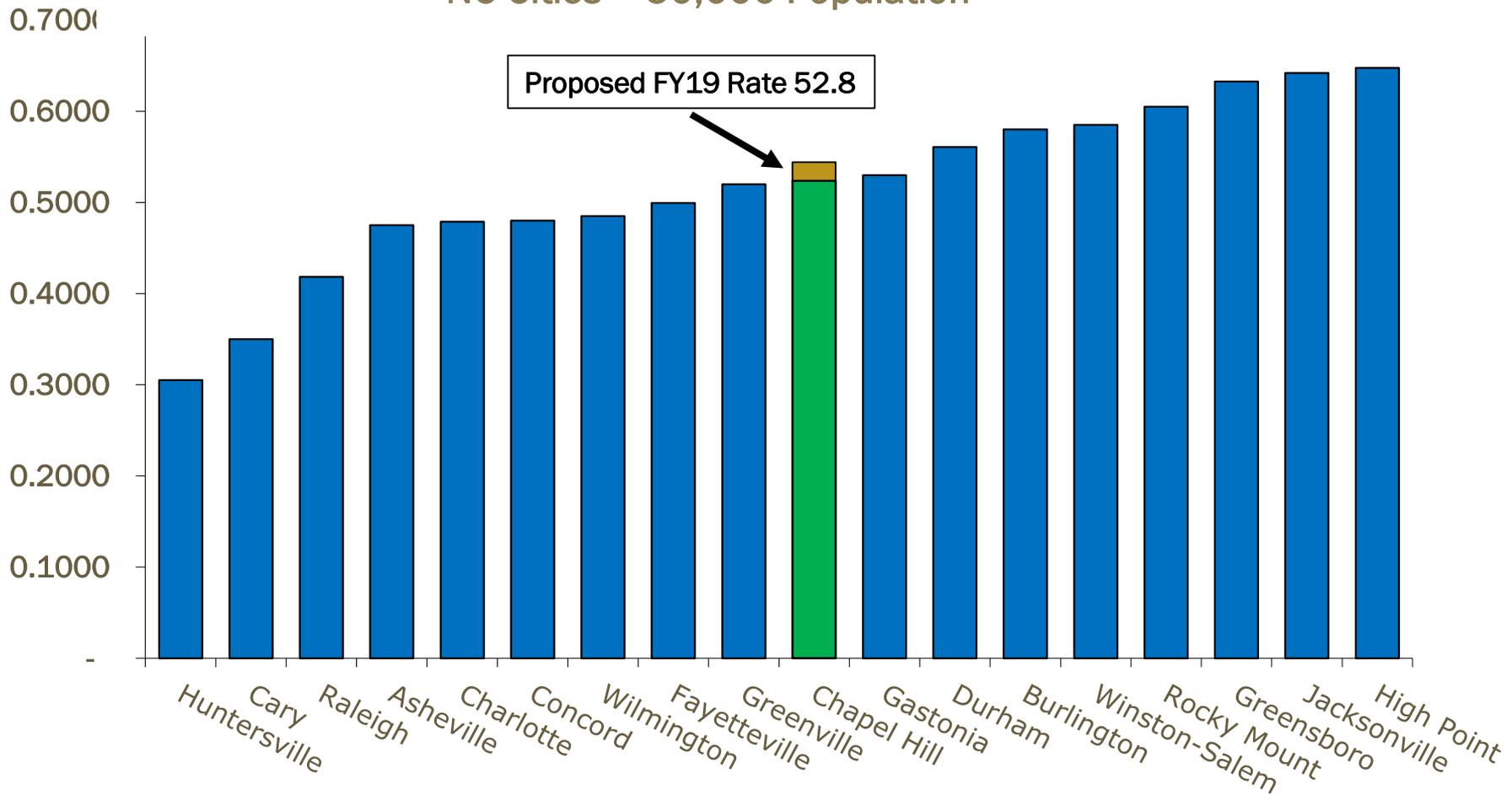


Tax Increase

- The FY19 Budget includes a 2 penny total increase in property tax rate
 - **1 penny for Transit** – supports existing service levels and fills the gap in bus replacement funding
 - **1 penny for General Fund** - supports existing service levels and rebuilds fund balance

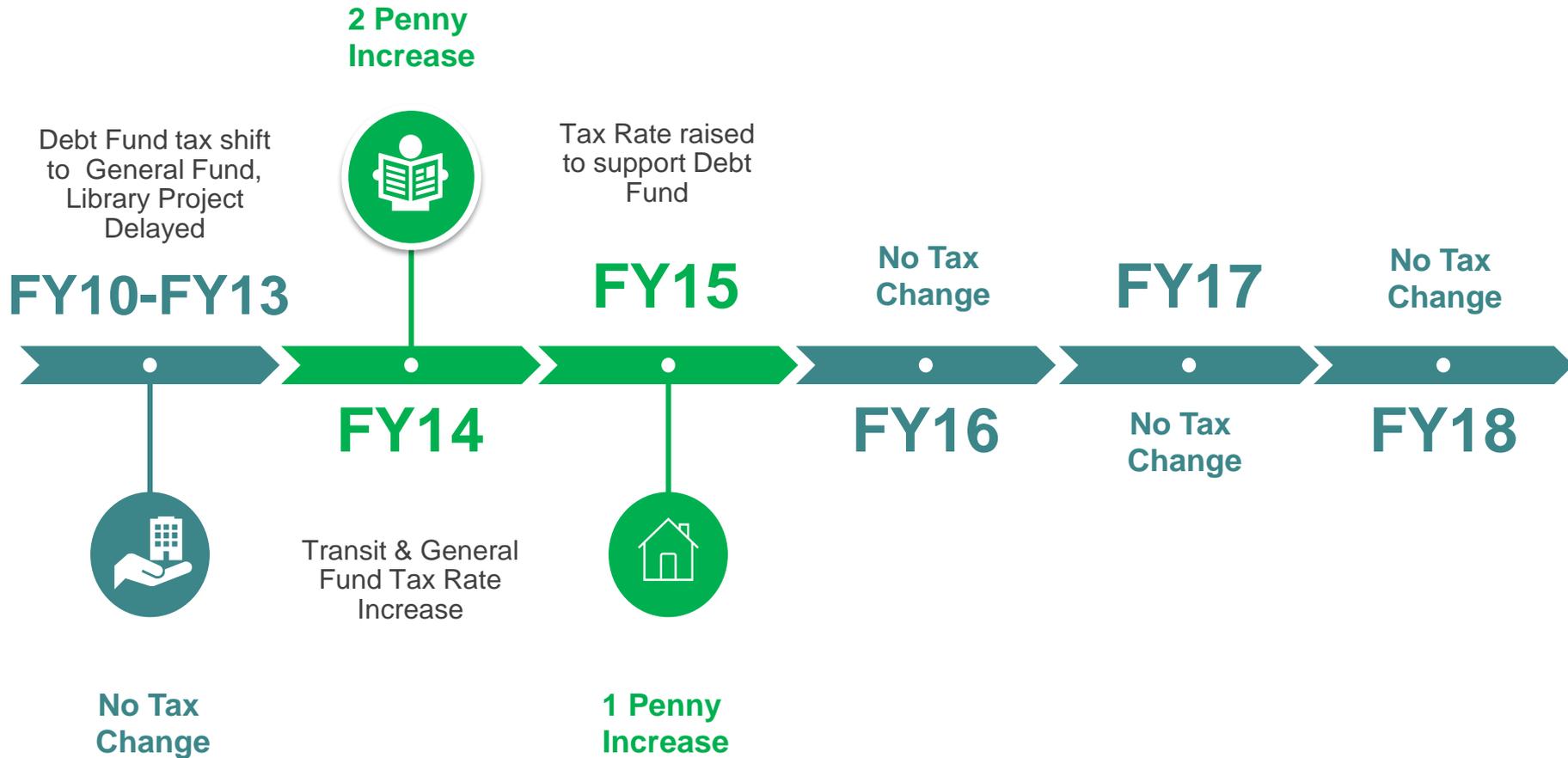
FY18 Tax Rate Comparison

FY18 Property Tax Rates NC Cities > 50,000 Population



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

Town Tax Rate: 10-Year History





FY19 Budget Summary

Tax Rate*

	FY14	FY15	FY16	FY17	FY18**	FY19
General Fund	38.8	38.8	38.8	38.8	37.6	38.6
Debt Fund	7.5	7.5	8.5	8.5	8.2	8.2
Transit	5.1	5.1	5.1	5.1	5.0	6.0
Total	51.4	51.4	52.4	52.4	50.8	52.8

* Tax rates are expressed in cents per \$100 of valuation

** FY18 recommended tax rates are the revenue neutral tax rates



Next Steps

Revising Budget Development Process

- Provide more information, sooner
- Review foundational budget development policies
- Capture this year's decisions and options for new Town Manager



Next Steps

Resolution Authorizing Next Steps

- Budget forecasting process
 - Fiscal management strategy
 - Employee compensation strategy
 - Program and service delivery
- Strategic Plan
 - Continue developing framework
 - Expand prototype to traffic and transportation



FY19 Budget Adoption

Recommendation

Enact Ordinance O-1 establishing the Town Budget for the fiscal year beginning July 1, 2018.

Adopt Resolution R-5.1 authorizing next steps following the adoption of the final 2018-2019 budget and related items.