

I, Amy T. Harvey, Deputy Town Clerk of the Town of Chapel Hill, North Carolina, hereby certify that the attached is a true and correct copy of (2018-06-13/R-5.1) adopted by the Chapel Hill Town Council on June 13, 2018.

This the 18th day of June, 2018.

Amy T. Harvey

**Amy T. Harvey
Deputy Town Clerk**



A RESOLUTION AUTHORIZING NEXT STEPS FOLLOWING THE ADOPTION OF THE FINAL 2018-2019 BUDGET AND RELATED ITEMS (2018-06-13/R-5.1)

WHEREAS, on May 2, 2018, the Town Manager presented a balanced recommended budget to the Council with a three cent tax increase that

- Maintains current service levels;
- Works toward achieving Council Goals;
- Maintains competitive employee compensation;
- Introduces a deductible for employee health insurance coverage for a more sustainable system of wellness and healthcare;
- Maintains Other Post Employment Benefit (OPEB) prefunding levels at FY18 levels rather than increasing by 20% as planned;
- Restores Fund Balance to targeted levels by reducing the amount of fund balance used to balance the budget with an increase in the property tax rate dedicated to the General Fund;
- Reduces funding for pay-as-you-go capital costs and a reduction in operating costs compared to previous years;
- Replenishes the Transit Fund balance to compensate for reductions in state and federal financial support for the purchase of buses with an increase in the property tax rate dedicated to the Transit Fund;
- Increases investment in maintenance of public facilities and infrastructure in order to avoid greater costs in the future for replacement and reconstruction of assets;
- Continues strategic investments in community priorities, such as affordable housing and public transit.

WHEREAS, the Council requested more information to understand the complexity of the budget, the recommended tax increase, and the trade-offs and options considered by the Manager to prepare his recommended budget; and

WHEREAS, the Council reduced the proposed tax increase to two cents by deferring consideration of the proposed tax increase for the debt management fund and reducing the proposed increase for the General Fund and seeks to establish an ongoing budget and financial forecasting process for budget development in the future; and

WHEREAS, the Council seeks to consider and review the foundational policies for budget development early in the process, including but not limited to:

- Investment in employee compensation to recruit, retain, and promote Town employees that carry out consistently excellent service to the community as well as the strategic priorities of the Town Council;
- Pre-funding contributions to Other Post-Employment Benefits (OPEB);
- Balancing growth in the property tax base and other revenue sources to cover the increasing costs of providing service;
- Targets for fund balance levels;
- Priorities for capital investments in infrastructure and facilities, including public transit rolling stock;
- Debt management;
- Operational trends, priorities and needs;

NOW, THEREFORE, BE IT RESOLVED by the Council of the Town of Chapel Hill that the Council encourages and authorizes the Town Manager to develop a budget forecasting process that will keep the Council continuously informed and up to date on trends and

priorities that impact the Town's fiscal planning and future spending allocations. The Town Manager will return to Council with a recommended process in Fall 2018, to include the topics identified by the Council during the 2018-2019 budget development as requiring more information and consideration.

BE IT FURTHER RESOLVED that the Council authorizes the Town Manager to include the following items related to the topic of fiscal management strategy in the budget forecasting process:

- Establishment of a fund balance policy,
- Review of the capital investment plan,
- Debt fund management guidance, and
- Regularly scheduled financial forecasts.

BE IT FURTHER RESOLVED that the Council authorizes the Town Manager to include the following items related to the topic of employee compensation strategy in the budget forecasting process:

- Establishment of an updated employee compensation philosophy,
- Conducting a classification and compensation study,
- OPEB pre-funding contribution plan,
- Review of the longevity pay plan, and
- Consideration of a pay-for-value-added and/or pay for performance proposal.

BE IT FURTHER RESOLVED that the Council authorizes the Town Manager to include the following items related to the topic of program and service delivery in the budget forecasting process:

- Regularly scheduled updates on Town departments' business plans,
- Revisiting the Town's Solid Waste Study to analyze the costs and benefits of delivering services such as commercial solid waste pickup and curbside leaf collection.

BE IT FURTHER RESOLVED that the Council authorizes the Town Manager to

- Continue developing a strategic plan framework based on Council discussions at their retreat in February 2018 and
- Follow the model of the prototype for affordable housing to address the priorities of traffic and transportation in a Connected Community.

This the 13th day of June, 2018.