



Town of Chapel Hill North Carolina

Budget Work Session

May 21, 2008

Question 1 – Can We Roll All Debt into Debt Service Fund?

- Yes, the debt in the CIP can be moved to the Debt Service Fund.
- The impact of moving the CIP debt service to the Debt Service Fund would be as follows:
 - The CIP Budget would be reduced by \$673,100
 - The Debt Service Fund Budget would increase by \$673,100
 - The General Fund Tax property tax rate would go down by 1.2 cents to 42.3 cents
 - The Debt Service Fund Tax Rate would increase 1.2 cents to 11.0 cents

Debt Management Plan

Dedicating a Portion of the Property Tax for General Fund Debt Service

	General Fund	Debt Service Fund	Transit Fund	Total
Current Tax Rates	47.4	-	4.8	52.2
FY09 Recommended	53.3	-	4.8	58.1
FY09 Debt Plan	42.3	11.0	4.8	58.1

Debt Service FY09	\$ 6,373,100
1 cent equals	\$ 582,000
Dedicated Tax needed to fund Debt Service	11.0 cents

Net Increase in Tax Rate 5.9 cents

Question 2 – Additional Detail for the Parking Fund Budget

- The FY09 recommended budget for the Off-Street Parking operations will generate \$206,724 more in revenue than expenditures. This amount will be an addition to the Parking Fund Balance and will be available to pay debt service for the Lot 5 Project.
- The On-Street Parking operations recommended budget transfers \$103,165 to the General Fund.

Question 3 – Durham Tax Settlement

- Durham Tax Collections included a multiple-year settlement for The Cedars development.
- The Town of Chapel Hill's portion of the settlement was \$1.3 million.
- Approximately 2/3rds of the settlement is prior years taxes and is therefore one-time revenues.
- The additional annual taxes generated from the Cedars will be approximately \$470,000.

Question 3 – Durham Tax Settlement

YEAR	ASSESED VALUE	TAX RATE	LEVY
2005	\$ 5,591,260	0.575	\$ 377,150
2006	96,319,829	0.522	502,790
2007	90,194,996	0.522	470,818
		Total	\$ 1,350,757

Question 4 – Who uses the buses, who shares the cost and how does that cost compare with our peers?

- Who Uses the Buses:

- Chapel Hill Transit carries an average 26,000 daily riders on 25 routes.

Route Type	Riders	
Express routes	4,395	17%
On Campus routes	4,923	19%
Community routes	16,677	64%

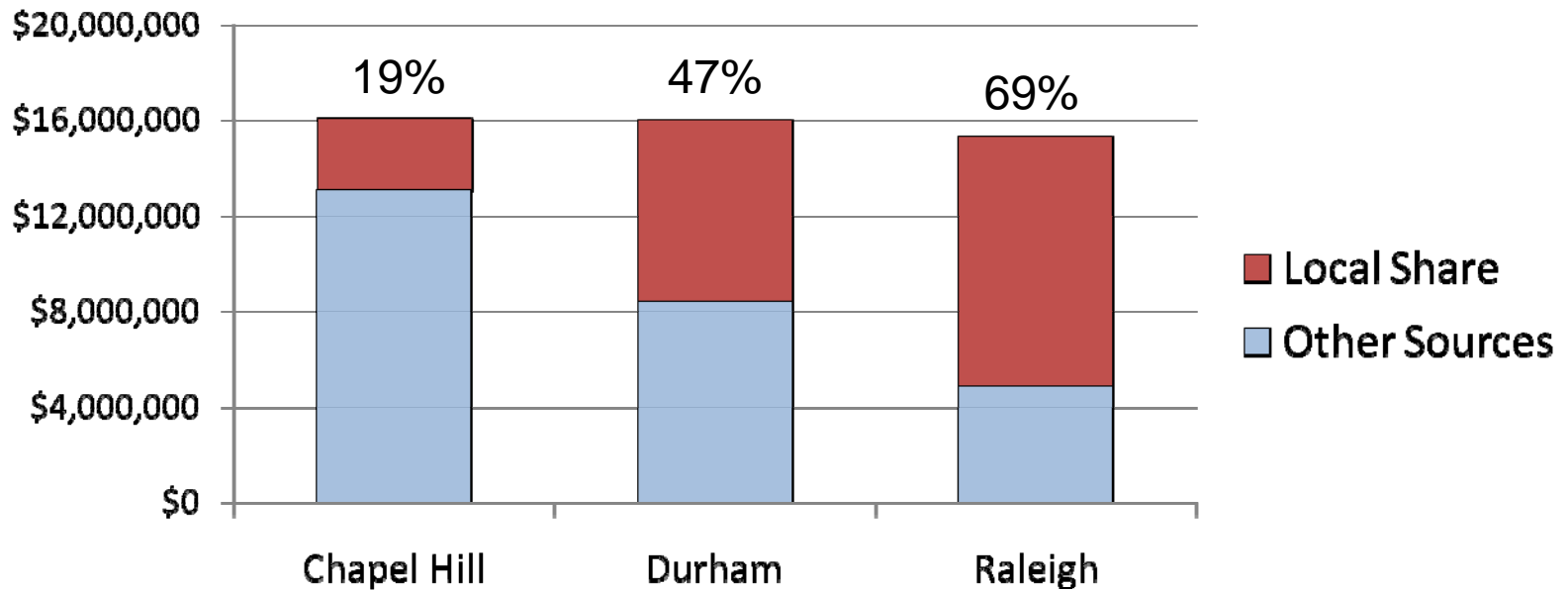
Question 4

- Who Shares the Cost:
 - Cost of operation is shared by Chapel Hill, UNC and Carrboro – 100% for direct benefit routes and all other costs split by population.

	FY 2007-08	FY 2008-09
Chapel Hill	\$ 2,895,205	\$ 3,038,165
UNC	5,770,156	6,082,783
Carrboro	948,935	1,028,822

Question 4

- How does our local share compare with peers?



	FY2008-09 Operating Cost	FY 2008-09 Local Share	Percent of Total
Chapel Hill	\$ 16,067,394	\$ 3,038,165	19%
Durham	15,990,689	7,591,671	47%
Raleigh	15,270,075	10,466,847	69%

Question 5 – Transit Grants Received

Grant	Amount	Match	Activity
Federal 5307	\$ 1,900,000		Operating Assistance
State Maintenance Assist. Program	3,545,000		Operating Assistance
Congestion Mitigation/Air Quality	1,360,000	9%	Purchase 2 Hybrids
Congestion Mitigation/Air Quality	2,296,000	9%	Purchase 5 Buses
Surface Transportation Program	400,000	10%	Misc. Capital
Federal 5307	88,024	20%	Planning
Surface Transportation Program	200,000	20%	Short Range Plan/TDM
Transportation Demand Mgmt.	80,000	20%	Marketing/Education
Federal 5303	111,092	20%	Long Range Planning

Question 6 – Status of Camelot Village Project

- This project involves the buyout of condominium properties subject to flooding from Bolin Creek.
- The project is being funded by a Hazard Mitigation Grant in the amount of \$2.3 million with a December 2008 completion deadline.
- Surveys have been sent to all condominium unit owners included in the scope of the project.
- Based on survey results, buyout viability will be determined

Question 7 – Status of Park & Ride Lot

- Chapel Hill has received a \$912,536 federal earmark allocated over a 3 year period (2006-8) with a 3 year obligation window.
- Efforts are currently underway to identify sites in the following corridors:
 - 15/501
 - 54
 - Martin Luther King

Question 8 – Status of Weaver Dairy Road Improvements

- This project is currently funded in the State Transportation Improvement Program as indicated below:
 - Total Estimated Project Cost including Right-of-Way: \$15.966 Million
 - Right-of-way acquisition is in progress
 - Estimated Contract Let Date: December, 2009
 - Estimated Construction Start Date: Spring 2010
 - Estimated Project Duration: 18 – 24 months

Question 9 – Status of Parks Maintenance Assessment

- The P&R Department is under contract with Susan Hatchell Landscape Architecture for development of a Parks and Maintenance Needs Study.
- An evaluation report should be completed in late summer of 2008. The report will provide cost estimates, recommendations for improvement, and outline a basic routine and remedial maintenance plan for the Town.

Question 10 – Fund Balance for all Funds

Note: these are unaudited estimates and are subject to change

Fund	Estimated Net Assets 7/01/08	FY09 Budgeted Revenues	FY09 Budgeted Expenditures	Estimated Net Assets 6/30/09
General Fund	\$ 7,965,500	\$ 47,373,899	\$ 50,176,000	\$ 5,163,399
Special Revenue :				
Downtown Service District	64,056	160,000	160,000	64,056
Cable Public Access	-	120,000	120,000	-
Hsng Loan Trust	197,386	4,000	201,386	-
Library Gift	308,995	126,000	126,000	308,995
Grants Fund	-	543,645	543,645	-
Debt Service Fund	641,042	5,700,000	5,700,000	641,042
Capital Improvements:				
Capital Improvements	241,245	1,780,100	1,780,100	241,245
Capital Reserve	209,286	-	-	209,286

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Fund	Estimated Net Assets 7/01/08	FY09 Budgeted Revenues	FY09 Budgeted Expenditures	Estimated Net Assets 6/30/09
Enterprise Funds				
Transportation	\$ 2,060,530	\$ 15,966,744	\$ 16,067,393	\$ 1,959,881
Trans. Capital Reserve	531,945	133,187	647,000	18,132
Public Housing	862,168	1,876,914	1,876,914	862,168
On-Street Parking	-	619,150	619,150	-
Off-Street Parking	2,090,606	1,394,040	1,394,040	2,090,606
Stormwater Mgmnt	1,342,322	1,703,600	2,626,981	418,941
Internal Service Funds				
Vehicle Replacement	333,921	3,268,400	3,268,400	333,921
Vehicle Maintenance	118,859	1,106,655	1,155,219	70,295
Computer Replacement	235,410	150,000	150,000	235,410

Question 11 – In the Vehicle Replacement Program Realistic?

- The current vehicle replacement plan is based on the work of a consultant nine years ago.
- In accordance with the plan we have increased vehicle replacement frequency using debt financing in order to improve reliability and reduce maintenance costs.
- Based on maintenance cost and residual vehicle values, the program has been a success
- The plan should be updated.

Question 12 – How does the Transfer Station Decision effect Vehicle Purchases

- We are currently in the process of converting all of our residential garbage collection fleet to dual axle to bring us into compliance with DOT weight guidelines. This conversion will also support our transportation needs related to a new transfer station.

Question 13 – What is the appropriate formula for sharing costs with the County?

- Cost distribution methodology should be specific to the cost being shared.
- Common Cost Sharing Methods:
 - Proportional value of benefits to residents
 - Percentage distribution based on population or assessed value
- Often there are subjective judgments that need to be made leading to a negotiated cost sharing basis.

Question 14 – Budget Impact of the Library Expansion and Project Expenditures to Date

- A total of \$16.23 million of General Obligation bonds were authorized for the Library Expansion Project. To date \$2,000,000 in bonds have been issued. The remaining library bonds will be issued in FY2008-09 and FY2009-10.
- The impact on the library's operating budget for the expanded facility is estimated at \$1,000,000.

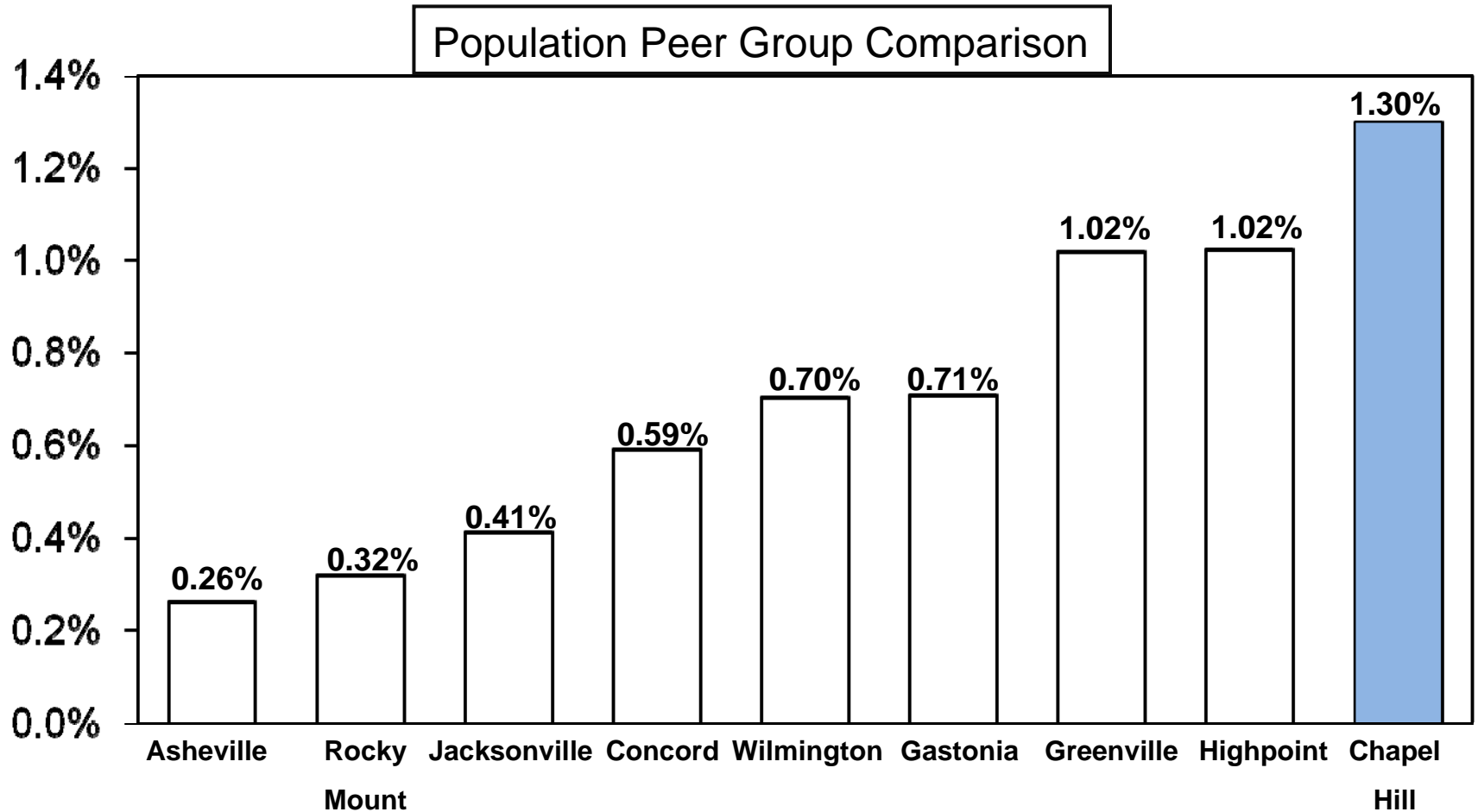
Question 14 – Budget Impact of the Library Expansion and Project Expenditures to Date

	Revised Budget	Exp. To Date	Encumbrances	Balance
Design & Eng.	\$ 1,963,368	\$ 671,740	\$ 1,277,920	\$ 13,708
Traffic Studies	6,632	14,920	1,712	0
Misc. Services	10,000	9,244	0	756
Art Acquisition	20,000	1,042	0	18,958
Total	\$ 2,010,000	\$ 696,946	\$ 1,279,632	\$ 33,422

Question 15 – Impact of Budget on EZ Rider Service

- The Manager's Recommended Budget projects the same level of service that is currently being operated.
- The budget also anticipates a grant that will fund a collaborative project with Chapel Hill Transit and Orange County Public Transit to design and operate improved service to the Seymour Center by designing a Senior Center route.

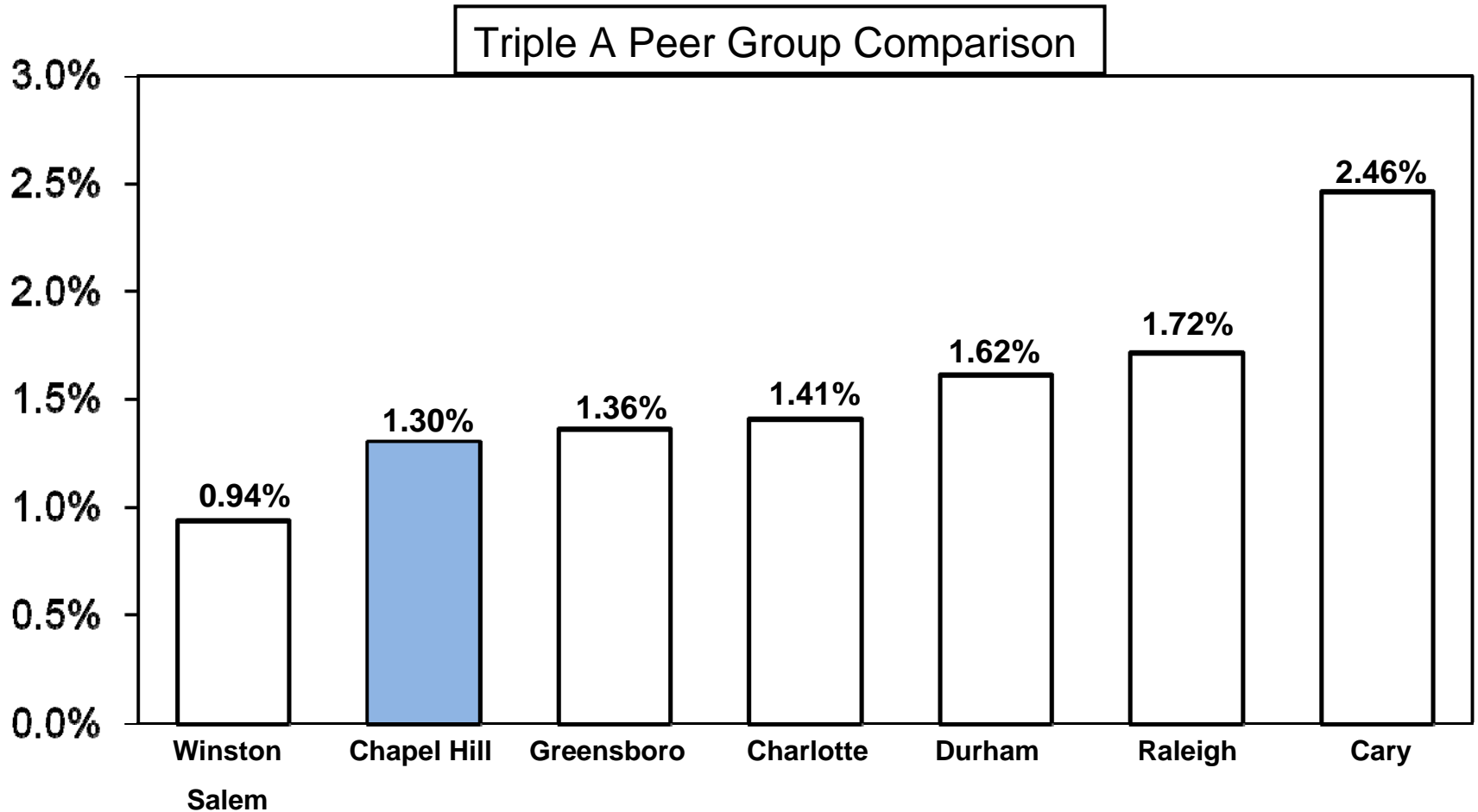
Total* Outstanding & Authorized Debt/ Appraised Property Value



Source: Department of State Treasurer, Division of State and Local Government Finance; as of 6/30/2007.

Does not include Enterprise Debt

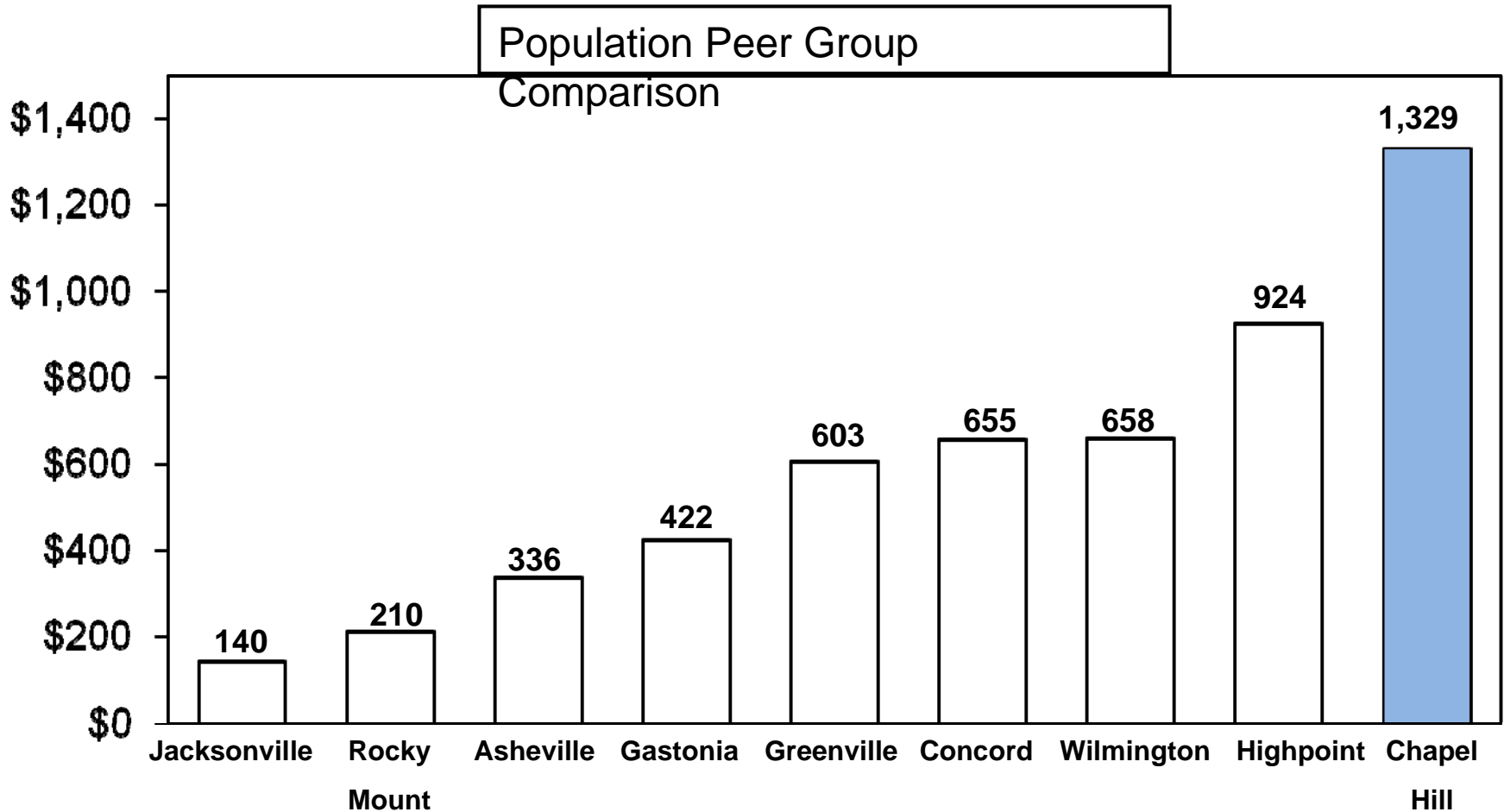
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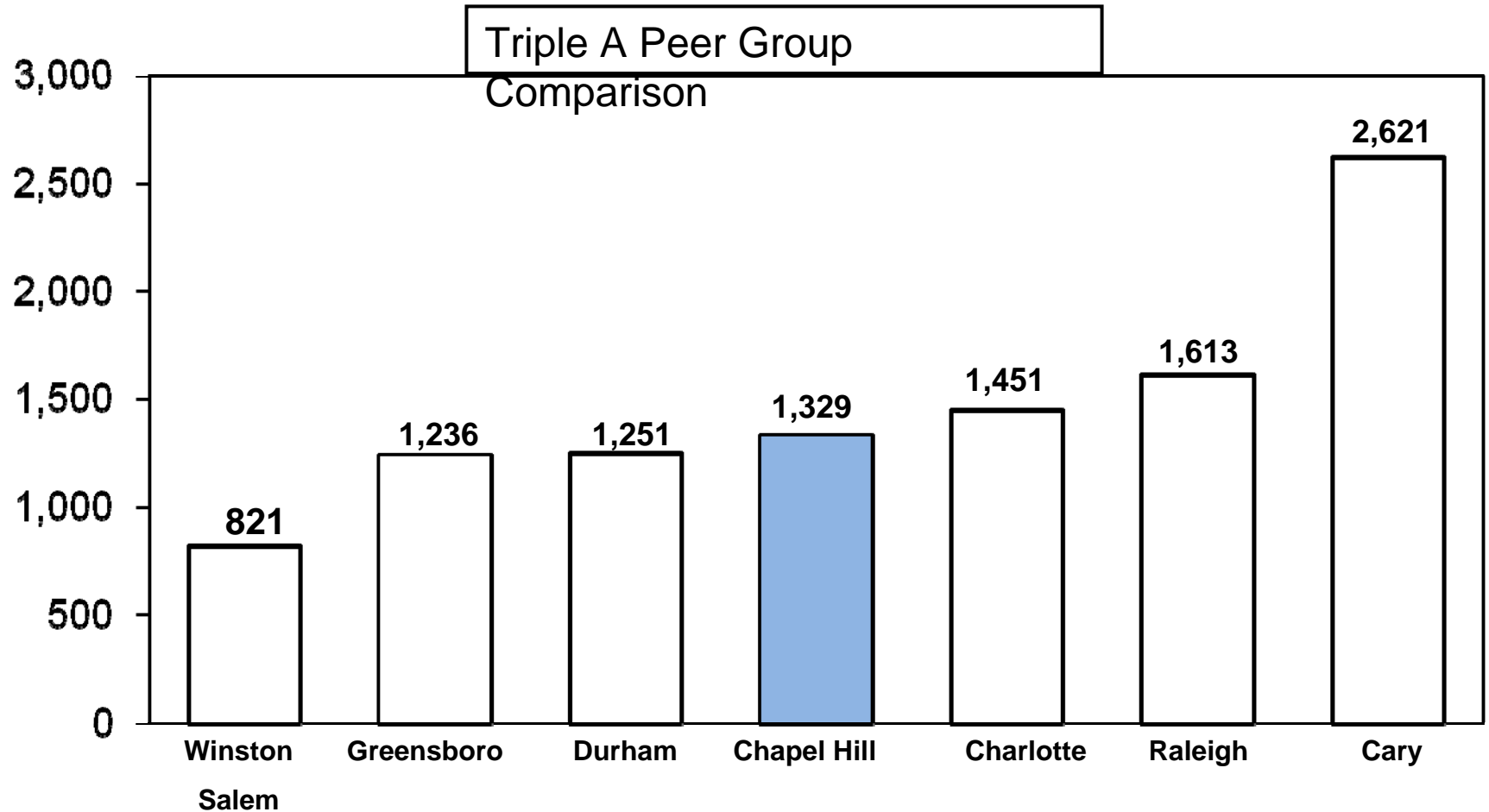
Total* Outstanding & Authorized Debt/ Per Capita



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