

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

INTRODUCTION AND OVERVIEW

This section of the budget outlines in summary form projected revenues and costs for the five fiscal years beyond 2003-04 for the Town's major operating funds: the General Fund, Transportation Fund, and Parking Funds. Projections are not included for the Town's fourth major operating fund, the Public Housing Fund, because federal funds are the primary revenue source for that fund. Revenues and costs are projected by fund. A summary chart is provided for each fund identifying differences between the projected revenues and costs in each year.

As in past years, 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 for major operating funds. 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 for each of the major operating funds.

Some of the most important factors affecting revenues and costs are outside the Town's control, such as State-shared revenues affected by State legislation, and numerous State and federal regulations which affect funding for the Transportation system. Because of the State's budget crisis last fiscal year and continuing difficulty by the Legislature in balancing the State budget each year, we believe there is always a potential for certain funds to be withheld in future years. However, based on receipts from State-share revenues sources in 2002-03, we have assumed in our projections that full State-shared revenues will be received in 2004-05 and in future years.

Below is a summary of the main points included in the revenue and cost projections for each fund. Detailed discussions of the assumptions and data used in the projections for each of the major operating funds follow. For the General and Transportation Funds, the differences between revenues and expenditures are expressed as tax rate equivalents. The gap between revenues and expenditures could be closed by service reductions, revenue enhancements, tax rate adjustments, or any combination of these options.

GENERAL FUND

Revenues

The most important revenue sources for General Fund operations continue to be property taxes and State-shared revenues that, combined, comprised about 82% of total General Fund revenues. Based on legislation adopted last year by the North Carolina General Assembly providing greater but not absolute protection for certain State-shared revenues withheld in past years, and the receipt of full State-shared revenue in 2003-03; we believe it is reasonable to include full State-shared in our five

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

year projections for the General Fund. These include revenue from a utility franchise tax (about \$1.2 million in 2003-04) with projected increases of 4% annually, the beer and wine tax (about \$205,000 annually), and the addition of a new 1/2 cent local sales tax that began in December of 2002.

In summary, our revenue projections for future years include estimated revenue from three major State-shared sources totaling about \$3.7 million. These revenues are an estimated tax rate equivalent of about 8.7 cents in each of the next five years.

The most important revenue sources for the General Fund are shown in the two tables titled Projected Tax Base and Projected State-Shared Revenues which follow.

The estimate of assessed valuation for the tax base for 2003-04 is about \$4.264 billion. A conservative estimated growth in assessed valuation over the next five years is about \$80,000,000 annually. Estimated additions to the base, at the adopted tax rate for 2003-04 of 50.2 cents for the General Fund, would yield increases in property tax revenues of about \$400,000 each year.

The projections for State-shared revenues are based on the assumptions that we would continue to receive certain State-shared revenues over the next five years as noted above, and that growth in the other major State-shared revenues (including local sales tax and Powell Bill funds for Street Maintenance) would be moderate, with increases ranging between 3% and 4%. We assume continuation of State Fire Protection funds at the level received in the past for years of \$850,000 annually.

The projected increases in property tax revenues and increases in State-shared revenues would provide the only significant revenue increases in future fiscal years and are included in the summary table of General Fund revenue projections. All other revenues are assumed to remain fairly constant during the five-year period through 2008-09. Based on our experience in past years, we anticipate about 3% of the total General Fund budget, or \$800,000 in fund balance, would be available for use in future years.

Costs

The projected costs for the General Fund are divided into two sections - "General Operations for Current Services and Programs" and "Additions/Adjustments to General Operations."

General Operations for Current Services and Programs

Projected costs for general operations are based on the same services and programs and base budget level adopted for 2003-04. Personnel and operating costs are based on assumptions as noted on the attached tables. The projections also include estimated contributions required to provide needed capital maintenance for future years at the level of about \$1.6 million annually.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

Additions/Adjustments to General Operations

Projected costs for the additions or adjustments to General Operations include the additional costs/savings for the following items:

- estimated net savings from continued implementation of the curbside solid waste collections program (completing payments on roll carts).
- new debt service cost on the estimated debt of about \$25 million dollars for a new public works facility needed by 2006-07.
- new debt service cost on bonds for a phased expansion of the Library.
- new debt service cost on proposed green infrastructure capital improvements being considered by the Council.

Assuming continuation of State-shared revenues as noted, our analysis indicates projected costs for basic operations and the proposed additions to operations will exceed revenues over the next five years by margins that are an average tax rate equivalent of about 4.5 cents annually beginning in 2004-05.

Based on assumptions as noted, the gap between revenues and costs could be closed by service reductions, revenue enhancements or tax rate adjustments.

The most significant portion of the estimated difference between revenues and expenditures is based on the projected costs of new debt service of about \$2.5 million annually beginning in 2005-06 for a new Public Works facility; new debt service cost of about \$800,000 annually on a potential Library expansion; new debt service cost of about \$500,000 annually on proposed green infrastructure bonds; and the funding increase required for estimated capital improvements and capital maintenance needs over the next five years.

TRANSPORTATION FUND

The adopted Transportation Fund budget for 2003-04 is based on the continuation of federal and State operating assistance for the Transportation System at the level received in 2002-03, and on continuation of fare free services instituted in 2002. Cost projections for the adopted budget assume continued cost sharing among the transit partners. Projections of the base budget costs with these assumptions indicate that continuation of the expanded fare free transit system would require minimal adjustments in the Transportation tax rate over the next few years.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

The Transportation Fund projections do not include the cost of temporary debt financing for the new transit operations and maintenance facility that may be required based on the level and timing of federal and State grants for this project.

PARKING FUNDS

For the Town's parking facilities and programs over the next five years, estimated parking fees and charges should be adequate to fund the basic operating and annual debt service costs for off-street parking facilities.

CONCLUSION

Based on the assumptions contained in the analysis of projected revenues and costs for the Town's major operating funds for the next five years as discussed above, differences between revenues and costs for future years could require cost or service reductions, revenue enhancements, or tax rate adjustments. The differences expressed as tax rate equivalents are summarized as follows:

Tax Rate Equivalents of Needed Revenue (in cents)

	2004-05	2005-06	2006-7	2007-08	2008-09
General Fund					
Current Services and Programs and all Additions*	4.9	8.2	3.9	1.7	3.8
Transportation Fund	.3	.3	.2	-	.8
Total	5.2	8.5	4.1	1.7	4.6

* Estimated new debt service cost for a new Public Works facility, a phased expansion of the Library and proposed green infrastructure capital improvements.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

The Town Council has adopted the following schedule for bond issuances:

2004-05	\$ 4,000,000
2006-07	7,750,000
2008-09	8,805,000
2009-10	<u>8,805,000</u>
Total	<u>\$29,360,000</u>

The combination of the projected costs of new debt service for the Town Operations Center, the Transportation Operations Center and new General Obligation debt service proposed to begin in 2004-05, 2007-08 and 2009-10 is significant.

Our analysis indicates projected costs for basic operations and the proposed additions to operations will exceed revenues in each of the next five years without adjustments. The Council will need to consider a significant increase in 2005-06, currently estimated at about 9.9 cents for General and Transportation Funds. We show costs including salaries and benefits, operations, capital improvements and contributions to other agencies in keeping with past practice. We have also included illustrations of alternatives that could reduce the overall tax rate effect as the Council considers the Town's needs for capital improvements and new and on-going services.

A chart is included in the conclusion of the projections sections showing the marginal tax rate increase each year as well as showing the effect of the various reductions given as examples.

Finally, as stated above, 2005-06 is a tax revaluation year. Property values have increased by approximately 20% in the last three revaluation years, and the Council will have to take into account the effects of the revaluation, which are not reflected in the projections.

Our projections show increases between 9.3 cents and 2.4 cents in the projected five years for the General Fund. Based on assumptions as noted, the gap between revenues and costs could be closed by service reductions, revenue enhancements, tax rate adjustments or adjustments in the debt repayment schedule.

TRANSPORTATION FUND

The Town plans to continue working with its partners, the University of North Carolina at Chapel Hill and the Town of Carrboro, to continue fare-free bus and EZ rider services as instituted in 2002. The recommended Transportation Fund base budget for 2004-05 is based on the continuation of federal and State operating assistance for the Transportation System at average levels except where there are known exceptions. Projections of the base budget costs with these assumptions indicate that

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

continuation of the expanded fare free transit system would require minimal adjustments in the Transportation tax rate over the next few years.

In recent years we have increased transfers from the Transportation Fund to the Transportation Capital Reserve Fund in anticipation of building a new Transportation Operations Facility. Since the lease on the current facility's property expires and will not be renewed in December 2006, the facility will need to be replaced. The Town has already made land purchases, completed initial design work and plans to begin site work in fall 2004 at the same time as site work is begun for the Town Operations Center. The Town and its partners will need to cover at least 10% of the cost of the new facility. We have almost accumulated the full amount needed for the local match for the new facility and have a plan to accumulate the balance of the needed funds. We anticipate that the balance of the cost of the \$19 million facility will be covered by federal and State grants. The Town may need to borrow a portion of the \$19 million; although, we do not anticipate borrowing the full amount. Our projections include a \$7 million borrowing in 2004-05 with repayment beginning in 2005-06. The borrowing may need to be for only a period of a few years depending on the timing of receipt of grant funds. We are considering a number of financing alternatives including variable rate financing without a penalty for early repayment.

PARKING FUNDS

The Town's parking facilities and programs are expected to experience changes over the next five years. The Council has requested and received a report on the economic feasibility of alternatives for Parking Lots 2 and 5. The development of either lot will pose challenges for parking alternatives during any redevelopment of the properties. Because we have a twenty year debt on the James Wallace Parking Deck, and use the revenues from lots 2 and 5 to subsidize the deck, we plan to examine development plans taking into account the financial stability of parking services.

For now, we assume operations will continue basically as they currently exist.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

CONCLUSION

Based on the assumptions contained in the analysis of projected revenues and costs for the Town's major operating funds for the next five years, differences between revenues and costs for future years could require cost or service reductions, revenue enhancements, or tax rate adjustments. The differences expressed as tax rate equivalents are summarized as follows:

Tax Rate Equivalents of Needed Revenue (in cents) Projections Using Assumptions Used in Prior Years *

	2004-05 Base	2004-05 Recommended	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
General Fund	0.0	3.5	9.3	3.2	4.2	2.4	4.7
Transportation Fund	0.6	0.8	0.6	3.5	4.2	4.9	5.7
Total	0.6	4.3	9.9	6.7	8.4	7.4	10.4

* Includes estimated new debt service cost for a new Town Operations Center and new General Obligation Bonds.

Debt service for the Town Operations Center and Transportation Operations Center together with currently existing debt, debt for the proposed first sale (\$4 million) of the General Obligation bonds (\$29 million) approved by the voters in November 2003 and the 15-year capital improvements plan require additional revenues equal to 8.1 cents on the tax rate in 2005-06.

Our projections also show increases for capital improvements and related debt service in 2007-08 (approximately \$696,000 or 1.6 cents on the current tax rate) and in 2009-10 (approximately \$783,000 or 1.8 cents on the current tax rate) when we would begin repaying the proposed 2nd and 3rd installments of the new General Obligation debt.

While the Town has historically had low debt as a percentage of budget, the Council will need to determine how to balance the needs for capital improvement with tax rate alternatives.

FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS

Illustrations of the Effects of Changes in Various Cost Assumptions

POSSIBLE REDUCTIONS	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
General Fund					
Reduce salary increase from 4% to 2% Salary Increases, leave increase for health and workers' compensation costs	1.3	1.4	1.5	1.6	1.8
Reduce Operations costs increase to 2% from 3%	0.2	0.2	0.2	0.3	0.3
Reduce Capital Improvements to show half the increases in the 15-year plan	0.8	0.1	0.1	0.1	0.0
Reduce contributions to other agencies from \$500,000 to \$260,000	0.5	0.0	0.0	0.0	0.0
Postpone first General Obligation bond issuances	0.3	0.0	0.0	0.0	0.0
Transportation Fund					
Reduce salary increase from 4% to 2% Salary Increases, leave increase for health and workers' compensation costs	0.4	0.4	0.4	0.5	0.5
Reduce Operations costs increase to 2% from 3%	0.1	0.2	0.1	0.2	0.1

Tax Base Calculations under Different Growth Assumptions

Assumptions	Possible Tax Base After Revaluation 2005-06	Potential Additional Cents on the Tax Rate above Current Projection
5% Growth	4,662,000,000	0.7
10% Growth	4,884,000,000	3.2
15% Growth	5,106,000,000	5.7
20% Growth	5,328,000,000	8.2

* Assumes 99% collections at a General Fund tax rate of 50.2 cents

PROJECTED TAX BASE
2004/2005 - 2009/2010

Category	2004-05 Base/ Recommended	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
Assessed Valuation (Real & Personal Property)	4,440,000,000	4,573,200,000	4,655,517,600	4,739,316,917	4,824,624,621	4,911,467,864
Tax Levy* - General Fund Only at 50.2/100	22,288,800	22,957,464	23,370,839	23,790,835	24,218,938	24,654,891
Estimated Collections at 99%	21,886,700	22,727,889	23,136,511	23,552,447	23,976,488	24,408,082
Estimated Prior Year Collections	121,300	110,000	110,000	110,000	110,000	110,000
TOTALS	22,008,000	22,837,889	23,246,511	23,662,447	24,086,488	24,518,082

* Based on a constant tax rate of 50.2 cents for the General Fund through 2009-10, with estimated growth of 1.5% annually beginning in 2005-06. Does not consider the effects of revaluation of real property in future years. The value of 1 cent on the property tax is estimated as \$442,000 in fiscal year 2004-05.

PROJECTED STATE-SHARED REVENUES ***2004/2005 - 2009/2010***

Category	2004-05	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
	Base/ Recommended					
Franchise Tax ¹	2,040,000	2,101,000	2,164,000	2,229,000	2,296,000	2,365,010
Beer, Wine Tax	205,000	205,000	205,000	205,000	205,000	205,000
Local Option Sales Tax ¹	2,625,300	2,704,059	2,785,181	2,868,736	2,954,798	3,043,442
1/2% Local Option Sales Tax (1984) ¹	1,668,600	1,718,658	1,770,218	1,823,324	1,878,024	1,934,365
1/2% Local Option Sales Tax (1986) ¹	1,668,600	1,718,658	1,770,218	1,823,324	1,878,024	1,934,365
1/2 % Local Options Sales Tax (2002) ¹	1,380,200	1,421,606	1,464,254	1,508,182	1,553,427	1,600,030
Fuel Tax (Powell Bill) ²	1,315,000	1,347,875	1,381,572	1,416,111	1,451,514	1,487,802
State Fire Protection	850,000	850,000	850,000	850,000	850,000	850,000
TOTAL	11,752,700	12,066,856	12,390,442	12,723,678	13,066,787	13,420,014

¹ Estimated increase of 3% annually.

² Estimated increase of 2.5% annually.

GENERAL FUND
REVENUE PROJECTIONS
2004/2005 - 2009/2010

Category	2004-05 Base	2004-05 Recommended	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
Property Taxes*	22,008,000	22,008,000	22,837,889	23,246,511	23,662,447	24,086,488	24,518,082
Other Taxes & Licenses	1,017,000	1,017,000	1,017,000	1,017,000	1,017,000	1,017,000	1,017,000
Licenses/Permits/Fines/ Forfeitures	1,383,400	1,383,400	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
State-Shared Revenues	11,752,700	11,752,700	12,066,856	12,390,442	12,723,678	13,066,787	13,420,014
Grants	411,900	411,900	470,000	470,000	470,000	470,000	470,000
Service Charges	1,358,150	1,470,850	1,315,600	1,315,600	1,315,600	1,315,600	1,315,600
Interest on Investments	111,200	111,200	160,000	200,000	200,000	250,000	250,000
Other Revenues	142,300	142,300	142,300	142,300	142,300	142,300	142,300
Interfund Transfers	1,045,400	1,045,400	1,003,000	1,003,000	1,003,000	1,003,000	1,003,001
Appropriated Fund Balance	-	-	-	-	-	-	-
TOTAL	39,230,050	39,342,750	40,512,645	41,284,853	42,034,024	42,851,176	43,635,996
Stormwater Management Fund	1,179,000	1,179,000	779,000	779,000	779,000	779,000	779,000
Total Including Stormwater Management Fund	40,409,050	40,521,750	41,291,645	42,063,853	42,813,024	43,630,176	44,414,996

* Based on constant tax rate of 50.2 cents for the General Fund through 2009-10.

**GENERAL FUND
PROJECTED COSTS
2004/2005 - 2009/2010**

	2004-05 Base	2004-05 Recommended	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
GENERAL OPERATIONS (Current Services & Programs)							
Personnel Services ^a	27,734,000	28,637,700	30,069,585	31,573,064	33,151,717	34,809,303	36,549,769
Operations							
Operating & Maintenance ^b	9,519,000	9,850,000	10,145,500	10,449,865	10,763,361	11,086,262	11,418,850
Existing Debt Service	2,485,000	2,485,000	2,719,000	2,318,000	2,246,000	2,162,000	2,081,000
Capital							
Equipment ^c	79,000	89,000	100,000	100,000	100,000	100,000	100,000
Transfer to Capital Improvements Program ^d	506,000	1,066,000	1,745,000	1,837,000	1,922,000	2,023,000	2,062,000
Subtotal Current Programs	40,323,000	42,127,700	44,779,085	46,277,929	48,183,078	50,180,565	52,211,618
ADDITIONS/ADJUSTMENTS TO GENERAL OPERATIONS:							
Economic Development Human Service contracts, hotel/motel allocations and grants to other agencies		336,000	70,000	70,000	70,000	70,000	70,000
Debt Service on New Public Works Facility		517,700	500,000	500,000	500,000	500,000	500,000
New General Obligation Debt Service, 2004-05 Issue		150,000	2,000,000	2,590,625	2,521,875	2,453,125	2,384,375
New General Obligation Debt Service, 2006-07 Issue		202,500	345,000	437,500	375,000	365,000	355,000
New General Obligation Debt Service, 2008-09 Issue	-	-	-	-	814,000	792,000	771,000
New General Obligation Debt Service, 2009-10 Issue	-	-	-	-	-	-	-
Subtotal Additions/Adjustments	0	1,206,200	2,915,000	3,598,125	4,280,875	4,180,125	5,005,375
TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/ ADJUSTMENTS	40,323,000	43,333,900	47,694,085	49,876,054	52,463,953	54,360,690	57,216,993

^a Increase of about 4.0% in salaries to provide merit increases to maintain competitive market salaries.

Assumes increases of about 10% annually in medical insurance and workers' compensation costs.

^b Increase in operating costs of 3% annually and additions for vehicle replacement funding.

^c Estimated cost of miscellaneous non-vehicular capital equipment.

^d General Fund contributions to fund projected requirements of Capital Improvements Program (includes lease purchase payments for various projects and building maintenance needs from building conditions report.)

GENERAL FUND
ANALYSIS OF REVENUE AND COST PROJECTIONS
2004/2005 - 2009/2010

	2004-05 Base	2004-05 Recommended	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
Estimated Total Costs *	40,323,000	43,333,900	47,694,085	49,876,054	52,463,953	54,360,690	57,216,993
Estimated Total Revenues Excluding Stormwater Management Fund	39,230,050	39,342,750	40,512,645	41,284,853	42,034,024	42,851,176	43,635,996
Stormwater Management Fund	1,179,000	1,179,000	779,000	779,000	779,000	779,000	779,000
Estimated Total Revenues Including Stormwater Management Fund	40,409,050	40,521,750	41,291,645	42,063,853	42,813,024	43,630,176	44,414,996
Revenues Needed	(86,050)	2,812,150	6,402,440	7,812,201	9,650,929	10,730,514	12,801,997
Fund Balance Available	1,291,000	1,291,000	800,000	800,000	800,000	800,000	800,000
Additional Revenue Needed	N/A	1,521,150	5,602,440	7,012,201	8,850,929	9,930,514	12,001,997
Tax Rate Equivalents in Specific Years	0.0	3.5	9.2	3.2	4.2	2.4	4.7
Value of a cent	442,000						

* Includes base costs and financing for General Obligation debt repayment per Council schedule and Town Operations Center debt repayment.

***TRANSPORTATION FUND
REVENUE PROJECTIONS
2004/2005 - 2009/2010***

	2004-05 Base	2004-05 Recommended	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
Taxes ^a	2,503,500	2,503,500	2,578,605	2,625,020	2,672,270	2,720,371	2,769,338
Vehicle Taxes ^b	144,000	144,000	150,000	155,000	160,000	165,000	165,000
Federal Operating Assistance ^c	1,025,000	1,025,000	932,000	932,000	932,000	932,000	932,000
State Operating Assistance ^c	1,566,000	1,566,000	1,566,000	1,566,000	1,566,000	1,566,000	1,566,000
UNC Contract (Net) ^d	4,582,000	4,582,000	4,719,460	4,861,044	5,006,875	5,157,081	5,311,794
Carrboro Contract (Net) ^d	914,000	914,000	941,420	969,663	998,752	1,028,715	1,059,577
Service Charges ^e	387,000	387,000	387,000	387,000	387,000	387,000	387,000
Other	9,000	9,001	9,000	9,000	9,000	9,000	9,000
Fund Balance	-	-	-	-	-	-	-
TOTAL	11,130,500	11,130,501	11,283,485	11,504,726	11,731,898	11,965,168	12,199,708

Revenue Notes:

^a Based on recommended base tax rate of 5.7 cents through 2009-10.

^b Assumes continued levy of \$5 vehicle tax for Transportation begun in 2000-01.

^c Assumes continuing constant level of Federal and State Operating Assistance over the five-year period. The Town is expected to receive an additional \$92,000 in Federal Operating Assistance in 2004-05 only.

^d Assumes continued participation by the University and Carrboro at levels recommended for 2003-04, including assumptions on cost sharing for adopted fare-free services. (Amounts net of federal and State rebates for operating assistance).

^e Based on continuing fare-free services, with remaining service charge revenue generated primarily by Tarheel Express.

***TRANSPORTATION FUND
BASE BUDGET COST PROJECTIONS
2004/2005 - 2009/2010***

	2004-05 Base	2004-05 Recommended	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
Personnel Services ^a	7,907,500	8,161,000	8,569,050	8,997,503	9,447,378	9,919,747	10,415,734
Operations ^b	2,753,000	2,753,000	2,835,590	2,920,658	3,008,277	3,098,526	3,191,482
Capital Reserve Fund ^c	470,000	470,000	1,170,000	1,152,500	1,135,000	1,117,500	1,100,000
TOTAL	11,130,500	11,384,000	12,574,640	13,070,660	13,590,655	14,135,772	14,707,215

^a Includes estimated increase of 4.5% in salaries to provide merit or competitive market salary adjustments and projected increase of 10% in employee medical and workers' compensation cost.

^b Increases in operating costs of approximately 3% annually.

^c Amounts allocated for Capital Equipment Reserve Fund for replacement of buses, purchase of capital equipment, and local cost of replacement of Transportation facility. These amounts include the cost of temporary debt financing for the transit facility that may be necessary based on the level and timing of federal and State grants available for this project.

**TRANSPORTATION FUND
REVENUE AND COST PROJECTIONS
2004/2005 - 2009/2010**

	2004-05 *	2004-05 *	2005-06	2006-07	2007-08	2008-09	2009-10
	Base	Recommended	Estimated	Estimated	Estimated	Estimated	Estimated
Estimated Costs	11,130,500	11,384,000	12,574,640	13,070,660	13,590,655	14,135,772	14,707,215
Estimated Revenues	11,130,500	11,130,501	11,283,485	11,504,726	11,731,898	11,965,168	12,199,708
Revenue Needed	-	253,499	1,291,155	1,565,934	1,858,757	2,170,605	2,507,507
Fund Balance Available	-	-	-	-	-	-	-
Additional Revenue Needed	-	253,499	1,291,155	1,565,934	1,858,757	2,170,605	2,507,507
Marginal Increase in Tax Rate Equivalents in Specific Year	0.6	0.8	0.6	3.5	4.2	4.9	5.7

* The projections show a balanced budget in the base budget as required by law. In order to achieve a balanced budget a tax increase has been included in the base equal to .6 cents on the tax rate. The recommended budget shows a .2 cent increase to .8 cents on the tax rate.

1 cent on the tax rate = \$442,000

Assumptions on Revenues and Costs:

- Same revenue sources as available in 2003-04 (assumes current level of State funding for operating assistance)
- Assumes continuing constant level of federal operating assistance over the five-year period. Assumes funding of capital subsidies at level of 10% of total capital costs.
- Same personnel recommended for 2003-04; same routes and service levels recommended for 2003-04.
- Includes estimated adjustments of 4.5% in employee compensation.
- 3% increase in operating costs.
- Includes normal local matching capital contributions for future bus replacement and a new Transportation facility, but excludes any temporary debt financing cost that may be required based on the level and timing of federal and State grants for the project.

***PARKING FACILITIES FUND
REVENUE AND COST PROJECTIONS
2004/2005 - 2009/2010***

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
REVENUES						
OFF-STREET PARKING						
James Wallace Deck	588,000	588,000	588,000	588,000	588,000	588,000
Lot 2	450,000	450,000	450,000	450,000	450,000	450,000
Lot 3	38,500	38,500	38,500	38,500	38,500	38,500
Lots 4 & 5	166,500	166,500	166,500	166,500	166,500	166,500
Lot 6	11,500	11,500	11,500	11,500	11,500	11,500
Other	9,500	9,500	9,500	9,500	9,500	9,500
SUBTOTAL	1,264,000	1,264,000	1,264,000	1,264,000	1,264,000	1,264,000
ON-STREET PARKING						
Meters	247,000	247,000	247,000	247,000	247,000	247,000
Enforcement	377,000	377,000	377,000	377,000	377,000	377,000
SUBTOTAL	624,000	624,000	624,000	624,000	624,000	624,000
TOTAL REVENUES	1,888,000	1,888,000	1,888,000	1,888,000	1,888,000	1,888,000
COSTS						
OFF-STREET PARKING						
Rosemary Street Deck	346,000	346,000	346,000	346,000	346,000	346,000
Other Lots	237,000	237,000	237,000	237,000	237,000	237,000
Non-Departmental	681,000	681,000	681,000	681,000	681,000	681,000
SUBTOTAL	1,264,000	1,264,000	1,264,000	1,264,000	1,264,000	1,264,000

	2004-05 Estimated	2005-06 Estimated	2006-07 Estimated	2007-08 Estimated	2008-09 Estimated	2009-10 Estimated
ON-STREET PARKING						
Meters ^a	221,000	221,000	221,000	221,000	221,000	221,000
Enforcement ^b	403,000	403,000	403,000	403,000	403,000	403,000
SUBTOTAL	624,000	624,000	624,000	624,000	624,000	624,000
TOTAL PARKING COSTS	1,888,000	1,888,000	1,888,000	1,888,000	1,888,000	1,888,000
Surplus/(Deficit)	-	-	-	-	-	-

^a Meter costs equal revenue because all excess revenue from meters is transferred to the General Fund.

^b Parking Enforcement costs equal revenues because all excess revenue is transferred to the General Fund.