

Budget Message

*Do you wish to be great? Then begin by being.
Do you desire to construct a vast and lofty fabric?
Think first about the foundations of humility.
The higher your structure is to be, the deeper must be its foundation.
--Saint Augustine*

Executive Summary:

Chatham County Commissioners and County Residents,

Our county goals are ambitious, some may call them lofty. With recent successes to build on, we've set our sights on even higher places. Consistent with our past good fiscal stewardship, we present a budget that advances these goals while ensuring the foundation on which we build is solid.

At its annual retreat, the Chatham County Board of Commissioners adopted this ambitious vision: "Chatham County is a thriving community with healthy people, a safe environment and prosperity for all." By many measures we have already made great strides towards achieving this image of our future. Consider a few achievements:

- 100% of Chatham County schools met or exceed achievement growth expectations in 2013-2014.
- Chatham County School's dropout rate fell to a record low of 1.22% in 2013-2014.
- Chatham County received a AAA bond rating from Standard and Poor's.



Jordan Lake on an autumn day. Protecting water quality is one of the Board of Commissioners' goals for FY 2015-2016. Jordan Lake is a regional water source and the main source for the county system. *Photo courtesy of Chatham Economic Development Corporation.*

- Chatham County ranked 9th best overall in NC County Health Rankings published by the Robert Wood Johnson Foundation. (The Health Department is currently putting together a Health Alliance to address conditions found in the Community Health Assessment.)
- The Erosion & Sedimentation Control Office received the top Small Program Award, the highest honor presented annually by the NC Sedimentation Control Commission.
- The 911 Center became just one of just eight in the state to receive accreditation for Emergency Medical Dispatch.
- For the second year in a row, Chatham had the lowest crime rate among surrounding counties and 15th lowest in the state.



The FY 2016 budget provides a solid foundation to build on these successes and move the county forward. We recommend a general fund budget of \$99,446,482, a 5% increase, **without a tax increase** for the sixth year in a row. The Water Fund budget totals \$5,606,726, a 1% decrease; and Solid Waste and Recycling totals \$3,104,191, a 5% decrease.

We are able to maintain the tax rate because of significant growth in revenue brought about by an improving economy. Revenues directly tied to the economy, including sales tax, building permits, register of deeds excise tax, and motor vehicle taxes are all up significantly over FY 2014 actuals. As part of the Triangle Region, Chatham continues to benefit from growth in neighboring counties. State and regional economists call for continued economic growth in this region for FY 2016.

As we move forward, we would be remiss not to point out that this level of growth will likely not be sustained year over

year. While we are able to absorb significant increases with the FY 2016 budget, we may not be able to do that in future budgets.

The budget provides the following important increases in resources:

We continue our support of Chatham County Schools at per student funding levels among the highest in the state. The recommended budget includes increases of \$1.4 million in school current expense and \$502,252 in capital outlay. This increased level of funding will allow the district to offset funding reductions from the state, add a middle school world languages program, and possibly address the local supplement.

Our employees continue to go above and beyond in serving the residents of the county. We have invested much in recruitment and retention through our award-winning leadership training program and our success in bringing all employees to market pay in FY 2015. Going forward, we need to reward them for their good work. As an interim step towards a merit-based pay system, for which we will lay the foundation in FY 2016, we recommend a 3% pay adjustment, which costs the general fund approximately \$700,000.

To address directly the Board's goal of developing a Comprehensive Land Use Plan, the budget includes \$325,000

for this endeavor. According to Census data, Chatham was the second fastest growing county in the state in FY 2014 (growing by 1,932 residents or 2.89%), and this plan will provide a roadmap for decision making across county government as we position ourselves to deal with additional growth. The budget also includes funding to increase staffing in the Planning Department [+\$83,293]. Most of this funding is set aside in contingency and will be released if a decision is made to move forward with interim zoning.



State's best small local program. Chairman Jim Crawford presents Rachael Thorn a resolution recognizing the selection of Chatham's Erosion & Sedimentation Control Office as the Top Small Program, the highest honor presented annually by the NC Sedimentation Control Commission. *Photo courtesy of Chatham Community Relations.*

Hiring an additional sedimentation and erosion control officer [+\$86,319] will ensure the continued excellence of our local program and help address the Board's goal of "Ensure the county has effective protections of water resources."

Building on our strong agriculture economy, the new Chatham County Agriculture and Conference Center is scheduled to open in late winter or early spring of 2016. The recommended budget includes \$144,965 in funding for a partial year of operations, including utilities, maintenance, and staffing. A new position in the Pittsboro Siler City Convention and Visitors Bureau will market the facility to outside groups and coordinate meetings. Together these new resources help advance the Board's goal of "Support the marketing of the new Agriculture & Conference Center and advocate for lodging to accommodate overnight visitors."

Addressing the Board's goal of "getting to yes," the Central Permitting Department is offering expedited plan review for small projects and commercial projects by hiring a new plan review position. The position will provide better customer service and response to all customers, but part of the cost will be covered by new fees proposed for the expedited review. Net cost (subtracting expected fees) is \$34,687.

Key to strengthening the organization's foundation is investing in our facilities and physical and IT infrastructure. The recommended budget includes \$1,313,863 to fully fund the transfer to the capital reserve needed for projects approved in the Capital Improvements Program; \$75,000 to Council on Aging for needed repairs to the senior centers; \$71,868 for new software; and \$160,000 to repave two parking lots. The addition of a maintenance technician in the Facilities Division of Public Works will provide the staffing needed to protect the county's investment in new buildings.

Other major expenses include:

- \$270,106 in additional funding for health insurance costs
- \$118,413 net cost for two additional positions in the Sheriff's Office and \$62,878 to continue a previously grant-funded electronic monitoring position.
- An additional \$125,462 has been reserved in contingency for a 911 Communications Training Officer, Animal Control Officer, and Food and Nutrition Agent in Cooperative Extension. These funds will be released if conditions warrant.

Major Revenue Highlights:

- The county tax rate is recommended to remain at 62.19 cents.
- Four fire departments are requesting increases: North Chatham/Bells Annex 1.5 cents, Moncure 1.46 cents, Parkwood 1.5 cents, and Circle City/Pittsboro 0.67 cents. The manager is recommending these increases, which are requested for a variety of reasons. See the Fire Departments section of the budget document for more detail.
- In an effort to recoup costs, new fees are proposed in Central Permitting and Animal Services and fee increases are proposed in the Health Clinic, Environmental Health, and Parks & Recreation. The fee increases would cumulatively generate approximately \$40,000 in additional revenue.
- Staff had planned to include the establishment of fees for the new Agriculture & Conference Center in the recommended budget. However, work is not quite complete. Proposed rates and a policy governing usage will be handed out during a budget work session for consideration for the approved budget.
- Consistent with the Board of Commissioners Financial Policy, appropriated fund balance in the General Fund and Water are earmarked for one-time items.

Board of Commissioners Goals

By unanimous agreement, commissioners adopted the following goals for the FY 2015-2016 budget. Departments have linked specifically to these goals in their budget submissions. See the department section entitled "Link to Commissioner Goals" for this information. Overall strategies for meeting the goals are described below.

Vision: Chatham County is a thriving community with healthy people, a safe environment and prosperity for all.

- *Chatham ranked 9th healthiest county in NC Health Rankings.*
- *The Chatham Public Health Department has formed the Chatham Health Alliance to develop and implement strategies for improvement areas identified in the Community Health Assessment.*
- *Economic indicators show per capita income is increasing, unemployment is decreasing, and the number of jobs available locally is increasing.*

- *Staff in planning, public works, attorney, and manager's office continue working with the Board to develop strategies for dealing with the coal ash site.*

GOAL #1: Demonstrate sound fiscal stewardship and economic support to ensure we can meet the important service needs of our residents.

Objective: Maintain the county's AAA bond rating as a key foundation for other goals and objectives.

- *The FY 2016 recommended budget continues the past fiscal stewardship of not appropriating fund balance for ongoing expenses and fully funds the pay-as-you-go portion of the adopted Capital Improvements Program.*
- *Revenues are budgeted conservatively, while recognizing sustainable increases.*

Objective: Diversify the job base, encourage higher wages, and increase the commercial and industrial tax base from the baseline of FY 2015.

- *EDC reports that 511 jobs were added in FY 2014.*

Objective: Maintain the property tax rate at the lowest level possible while meeting critical needs of the community.

- *The recommended FY 2016 budget fully funds the Board of Education request and a substantial portion of department requests, yet maintains the current tax rate.*

Objective: Support the marketing of the Chatham-Randolph Megasite (Chatham Siler City Advanced Manufacturing Center) and the Moncure Super Park to major industries that will enhance the fiscal position of the county and resident work force.

- *The Economic Development Corporation continues to market the Chatham Siler City Advance Manufacturing Center, which was certified by the state in June 2014, and continues to work to obtain certification of the*



Advanced Manufacturing Site. A sign advertises the recently certified 1,800-acre site on the Chatham-Randolph border. *Photo courtesy of Chatham Economic Development Corporation.*

Moncure Site. McCallum Sweeney completed and presented the Duke Energy Site Readiness evaluation of the Moncure Site in November. The Moncure site is still in the land acquisition phase. The Siler City site is already being actively marketed by EDC and the state.

- *CCCC is planning for the educational and training needs of business that locate on these sites.*

Objective: Maintain a business-friendly environment for new and expanding businesses.

- *Central permitting will offer expedited service for commercial plan review.*
- *As part of a shift to demand-driven workforce development the Economic Development Corporation*

will conduct an annual business survey with a concentration on workforce training.

- *EDC plans to develop a business recognition and awards program to promote business engagement.*
- *Solid Waste will investigate ways to make recycling more convenient for businesses at the main recycling drop-off.*
- *CCCC's Small Business Centers have worked with the NC Military Business Center to bring a Federal Business Development Specialist to the area.*

Objective: Support the marketing of the new Agriculture & Conference Center and advocate for lodging to accommodate overnight visitors.

- *The Convention and Visitors Bureau will hire and supervise a Meeting Coordinator to market and coordinate the rental of the new center. MIS and Facilities will provide necessary internal support to ensure the facility functions as a conference center.*

GOAL #2: Ensure effective, efficient government that is responsive to the needs and input of all residents.

- **Objective:** The goal is for our working departments to get to 'yes' within our operating guidelines.
 - *Central Permitting will provide expedited plan review for commercial and small projects*
 - *The Council on Aging will develop a volunteer corps to manage its equipment donation and loan program, allowing expansion to serve a growing demand without overstressing staff resources.*
- **Objective:** Provide and measure strong customer service throughout county government, including contractors acting on behalf of the county.
 - *A number of departments will survey customers and make improvements suggested.*

- *The County Manager's Office will contract for a statistically valid, random survey to provide feedback on 7 to 9 departments with the most public interaction.*
- **Objective:** Review on-going processes to evaluate how the county does business to identify and make needed improvements.
 - *Human Resources will begin the process for a performance-based pay system by working with departments and employees to define expectations and an evaluation tool.*
 - *Register of Deeds will begin the process of adding e-recording of all real estate documents.*
 - *The Health Department will utilize a grant to work with community partners to provide a holistic approach to healthcare.*
- **Objective:** Seek and utilize partnership opportunities with municipalities, regional entities and the private sector that will enhance effectiveness and efficiency.
 - *Elections will partner with Carolina Meadows to locate the North Williams polling on the campus, thus eliminating the need for a satellite polling place.*
 - *Parks and Recreation will offer youth volleyball to support high school programs.*
 - *Chatham Trades will continue to provide office space to Chatham Literacy Council at no charge to collaborate in offering services to Chatham Trades consumers.*
 - *Sedimentation and Erosion Control will work with the Town of Pittsboro to create a clear process for permitting and inspection of projects with overlapping jurisdiction.*
- **Objective:** Provide a strong county voice on state-controlled mental health services in our county.

- *The Council on Aging Director will participate in the Community Health Home Initiative and the Governor's Council on Homelessness*
- *The County Manager's Office will facilitate a work group of county departments to provide feedback on services*
- *Social Services will expand the availability of evidence-based clinical services to include treatments for adolescent mental health and ineffective parenting practices*
- **Objective:** Invest in safe, secure county buildings.
 - *New county buildings will have card-swipe technology to restrict staff areas and security cameras*
- **Objective:** Provide more opportunities for citizen engagement and participation.
 - *The Library's new outreach coordinator positions will provide services to alleviate transportation barriers for library users who qualify for the service.*
 - *Council on Aging will work to increase the number of Senior Games Ambassadors to help grow interest and participation in Senior Games and Silver Arts*
 - *The County Manager's Office and departments will continue to partner with CCCC to provide Citizen's College*
 - *The County Manager's Office and MIS will work to begin the process for a major upgrade or redesign of the county website by gathering input from the public*
 - *Chatham Trades will offer a variety of community fundraisers to increase awareness*
 - *Solid Waste & Recycling will investigate the feasibility of collecting florescent light bulbs at collection centers*

GOAL #3: Be proactive in protecting natural resources and promoting responsible growth and land use, while recognizing the differing needs and factors across the county.

- *The Soil & Water District will increase technical and financial assistance for energy conservation, thereby promoting energy efficiency improvements in the agricultural community.*
- *The Planning Department will continue to provide information concerning options for the unzoned areas of the county to the Board of Commissioners and Planning Board and implement zoning, if approved*
- *MIS will ensure GIS staff have skills to create, analyze, and map data effectively to assist decision makers*
- **Objective:** Develop and adopt a Comprehensive Land Use Plan, including revised land-use policy with input from community stakeholders representing all geographic areas
 - Target: Timeline to be determined for specific pieces
 - *The Planning Department will take the lead in working with the Planning Board and consultant to develop the plan. Funding for the consultant and additional planning staff are included in the recommended budget.*
- **Objective:** Serve as an effective voice for Chatham County on urgent environmental issues, such as coal ash disposal, fracking and water quality of Jordan Lake.
 - Target: Continue to oppose the coal ash disposal at the Brickhaven Mine; investigate regulatory options and pursue fees if forced to accept the plan.
 - *The county will continue to work with Jordan Lake Partners to ensure the quality of the lake.*
 - *Attorney, Planning and Public Works staff will continue to provide information to the Board of Commissioners to help make informed decisions about the coal ash issue*

- **Objective:** Ensure that the county has effective protections of water resources.
 - *The Soil & Water District will continue nutrient management planning to protect and improve surface and groundwater*
 - *The Solid Waste & Recycling Division will continue to support Clean Jordan Lake, NC Big Sweep and Haw River Assembly by providing containers and disposal for litter cleanup events and assisting with Adopt-a-Shore*
 - *The Water Division will protect water quality of the county system through replacement of the Nature Trail Mobile Home Park distribution system*
- **Objective:** Continue to conduct and use the results of energy audits of county facilities.
 - *CCCC will complete a Climate Action Plan*
 - *The Facilities Division will perform annual energy audits on current facilities, will add new buildings as they are completed to ensure proper performance and will work with utilities to make sure the county is receiving the most favorable rates possible.*

GOAL #4: Support Pre-K through 12 and the community college in providing a quality education for all students.

- **Objective:** Provide safe and healthy school communities
 - *Emergency Operations will serve as a beta test site for an electronic version of the School Crisis Plan*
- **Objective:** Support initiatives that foster an educated workforce
 - *CCCC will offer the new ACCELERATE program, promoted by Central Carolina Works advisors.*
 - *The School District will utilize county funds to add a middle school world language program.*
- **Objective:** Strengthen relationships between county staff and education leaders
 - *Central Permitting will develop an annual maintenance permit for the Chatham County School System*
 - *The Council on Aging will look for additional ways to engage public school students in activities of the Council, even in the absence of community service requirements*
- **Objective:** Publicize positive achievements of Chatham County schools and Central Carolina Community College

Revenue Projection Methodology:

For the most part, staff uses trending to estimate revenues. Staff tracks major revenues by month, estimates revenue for the current year (usually three-to-four months remaining), and projects next year's revenue at a slightly more conservative amount, usually 3% less than estimated. In some cases, next year's projection is informed by additional information, such as

known grant or intergovernmental revenue. Additional information is also available from expert sources, such as guidance on sales tax revenues (from NCACC and NCLM). Where possible, staff uses a combination of local trending and outside guidance to reach the best possible estimates and projections.

General Fund Revenue Summary:

	2015 Amended	2015 Estimated	2016 Recommended	%Inc./ Dec.
Fees & Permits	1,508,300	1,613,769	1,555,175	3%
Intergovernmental	9,228,458	10,658,968	10,136,522	10%
Interest	140,000	148,600	140,000	0%
Grants/Donations	339,286	421,116	285,886	(16%)
Miscellaneous	141,000	134,347	20,000	(86%)
Other Taxes/Licenses	745,000	893,300	807,800	8%
Property Tax	57,562,000	58,416,000	59,157,000	3%
Sales & Service	2,469,628	2,593,394	2,530,477	2%
Sales Tax	9,210,000	10,127,000	10,280,000	12%
Transfers	9,743,962	9,743,962	9,005,059	(8%)
Other Financing Sources*	0	30,502,946	0	0%
Fund Balance	3,379,673	0	5,528,563	64%
Total Revenues	94,467,307	125,253,402	99,446,482	5%

**In November 2014, the County refunded/refinanced a portion of the money borrowed in 2006 (COPS) and 2009 Margaret Pollard borrowing. As part of that refunding, the County borrowed enough money to pay off the debt for those two issues. This money and subsequent repayment as well as the issuance cost involved with the refinancing is reflected in the revenue and expenditures for 2015. These revenues and expenses offset each other and total \$30,502,946, causing the FY 2015 estimated amount to be much above the budget. An amendment to correct this will be done before the end of the fiscal year.*

Enterprise Fund Revenue Summaries:

Southeast Water District

	2015 Amended	2015 Estimated	2016 Recommended	%Inc./ Dec.
Interest	1,200	500	1,200	0%
Sales & Service	599,500	599,077	600,000	0%
Total Revenues	600,700	599,577	601,200	0%

Solid Waste & Recycling Fund

	2015 Amended	2015 Estimated	2016 Recommended	%Inc./ Dec.
Intergovernmental	850	4,481	31,000	3547%
Interest	8,000	8,000	13,000	63%
Miscellaneous	0	6,028	115,000	100%
Other Taxes/Licenses	135,700	149,396	142,000	5%
Sales & Service	2,828,400	2,946,059	2,803,191	(1%)
Fund Balance	309,015	0	0	(100%)
Total Revenues	3,281,965	3,113,964	3,104,191	(5%)

Water Fund

	2015 Amended	2015 Estimated	2016 Recommended	%Inc./ Dec.
Interest	13,000	11,000	10,000	(23%)
Miscellaneous	0	1,665	0	0%
Sales & Service	5,132,762	5,769,597	5,578,000	9%
Fund Balance	524,629	0	18,726	(96%)
Total Revenues	5,670,391	5,782,262	5,606,726	(1%)

Property Taxes:

Real property values are estimated to grow just over 3% in FY 2016. This increase is above the average growth since the recession, but less than growth before the recession. The increase in value results from mostly residential development in the northeastern part of the county, particularly in Briar Chapel. Sixty-eight percent of the increase in the county's value occurred in the North Chatham Fire District. The

Chatham portion of Cary had the next largest gain in value and represented 9% of the total value increase.

The 11.1% decrease in **personal property** results from a potential loss in value from business appeals.

Exempt values are expected to decrease slightly by 1.4%. Exempt properties include nonprofits with property tax exemptions, as well as the senior citizen homestead exemption.

Some business personal property, such as pollution control, is also exempt.

The Department of Revenue (DOR) and Duke Energy have advised the County that we will lose an additional \$13.5 to \$14 million in value from the closing of the coal-fired power plant owned by Duke Energy in Moncure, reducing our **utility values** by this amount, or 7.2%.

The county must rely on NC Department of Motor Vehicles (DMV) to estimate the **motor vehicle** tax base, since DMV took over collection of local motor vehicle taxes in FY 2014. This change was brought about because many counties had significantly lower collection rates for motor vehicles. Because Chatham’s collection percentage was among the highest in the state, our staff was not certain the change would be beneficial. Indeed, early numbers did not show an increase in revenue. However, FY 2015 has proven that the change is beneficial to Chatham County. Overall, DMV collected revenues are up 14% over county collections for the same months in FY 2013. Staff is basing the FY 2016 values at the FY 2015 amount, \$609 million. In a good economy, motor vehicle values do tend to grow, but with little history through the DMV system, staff is reluctant to project an increase.

In developing the estimate for property tax, staff used the following factors:

- Tax base: \$9.56 billion—Staff used actual numbers for real property values as of April 7, 2015, reflecting estimated reductions by the Board of Equalization and Review. Staff used estimated numbers for personal property, exemptions, utilities, and motor vehicles since these values have not yet been finalized.
- Tax rate: 62.19 cents, the same tax rate as FY 2015.
- Staff again used collection percentage recommended by the Chatham County Tax Collector: Real and personal property collection percentage: 98%.

	FY 2015 Budgeted	FY 2016 Projected	% Inc./ (Dec.)
Real Property	8,835,749,198	9,104,101,651	3.0%
Personal	529,707,353	471,162,748	-11.1%
Exemptions	(829,221,861)	(817,586,524)	-1.4%
Utilities	208,776,076	193,720,059	-7.2%
Motor Vehicles	560,667,957	609,178,183	8.7%
Total	9,305,678,723	9,560,576,117	2.7%

Fire District Tax Rates:

Fire department budgets are reviewed by the Chatham County Finance Officer and the Fire Marshall. Of the 11 fire departments that provide services within Chatham County, four departments (five districts) have requested an increase in their tax rates. The requested tax rate increases range from .0067 cents to 2.2 cents. Major issues to be aware of include:

- North Chatham Volunteer Fire Department is requesting a rate increase to construct a new fire station

on Manns Chapel Road, hire additional personnel, and purchase related equipment.

- Moncure Volunteer Fire Department is requesting a rate increase to maintain current level of services because of significant revenue loss from the closing of Duke’s coal-fired plant and Performance Fibers.
- Pittsboro Fire & Rescue Fire Department is requesting a rate increase to fund additional full-time personnel and

related equipment and to establish a fund for future emergency apparatus purchases to replace aging apparatus.

- Parkwood Volunteer Fire Department has undergone major restructuring and is now part of the Durham County Fire & Rescue Department, which is a Durham

County Department. Durham County Fire & Rescue Department will provide the same level of fire protection services to Chatham County. The department is requesting a rate increase to fund additional full-time paid personnel and related equipment.

Fire District	FY 2015 Tax Rate	FY 2016 Requested	FY 2016 Recommended	Recommended Inc./ Dec.
Bells Annex (North Chatham FD)	0.0880	0.1030	0.1030	0.0150
Bennett (Bennett FD)	0.0800	0.0800	0.0800	0.0000
Bonlee (Bonlee FD)	0.0700	0.0700	0.0700	0.0000
Central Chatham (Siler City FD)	0.0900	0.0900	0.0900	0.0000
Circle City (Pittsboro FD)	0.1158	0.1225	0.1225	0.0067
Goldston (Goldston FD)	0.0800	0.0800	0.0800	0.0000
Hope (Silk Hope FD)	0.0685	0.0685	0.0685	0.0000
Moncure (Moncure FD)	0.1104	0.1250	0.1250	0.0146
North Chatham (North Chatham FD)	0.0880	0.1030	0.1030	0.0150
Northview (Northview FD)	0.0830	0.0830	0.0830	0.0000
Parkwood (Durham County FD)	0.1000	0.1150	0.1150	0.0150
Staley (Staley FD)	0.1000	0.1000	0.1000	0.0000

Fee Increases:

In order to recoup costs, we are recommending fee increases in Central Permitting, the Health Clinic, Environmental Health, Animal Control, and Parks & Recreation. The fee increases would cumulatively generate approximately \$40,000 in additional revenue, as follows:

- In Central Permitting, a new commercial plan review fee, a new remove stop work order fee, and new fees to

expedite plan review for small and commercial development are recommended to cover the costs of existing services and newly proposed expedited services.

- Increases in health clinic fees result from new Medicaid reimbursement rates.

- Environmental health fee increases result from increased state lab costs for bottles and testing.
- Animal Services is requesting a refundable \$50 fee for trap rental so that this program can shift from staff to the public who request traps. Other Animal Services fees are recommended for adoption of non-traditional animals, not covered by the existing fee structure.
- The county has a policy to recover fully the cost of adult recreation programs and summer camp. Fee

increases will result in these programs breaking even. The increased fee for summer camp will not be effective until summer 2016, as this program spans fiscal years. A fee for a new youth volleyball program is also proposed. See Appendix E for a complete list of proposed fee increases/changes.

Sales Tax:

Because of changes brought about by Medicaid relief, sales tax is down as a percent of general fund revenues from 14% in FY 2009 to a projected 11% in FY 2016. The parts of sales tax are:

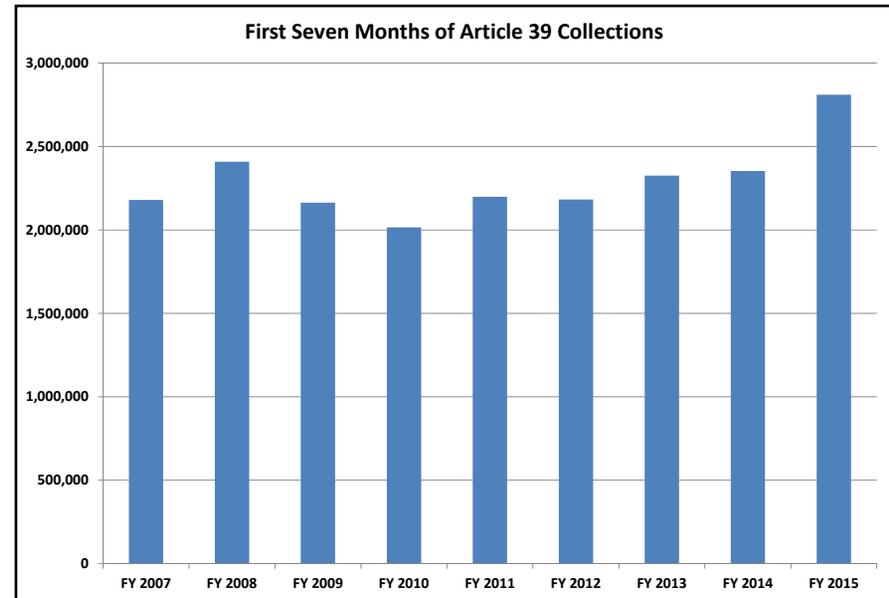
Article 39: One cent on every dollar – comes back to the county where it is collected.

Article 40: One-half cent on every dollar – goes into a statewide pot and is distributed back based on population. Thirty percent must be spent on school capital or debt.

Article 42: One-half cent on every dollar – comes back to the county based on where it is collected. Sixty percent must be spent on school capital or debt.

Article 46: One-quarter cent on every dollar – comes back to the county based on where it is collected. Proceeds are not shared with municipalities. Five surrounding counties have enacted this increase, while Chatham has not. A referendum would be required. The estimated proceeds from enacting the tax is \$1,128,948.

Locally, sales tax revenues (Articles 39 and 42) are trending 16% above FY 2014, compared with 12% for sales tax collected statewide (Article 40).



Staff has made efforts to improve locally collected sales tax by educating businesses, residents, and construction contractors about ensuring sales tax is credited properly for delivered items. Many vendors report sales tax by zip code and most of

the county's building activity has occurred in zip codes associated with other counties. Briar Chapel reports that it has undertaken efforts to educate its builders.

Revenues are up for this and two other reasons: lagging sales tax refunds, which are down statewide, and from expansions in the sales tax base that began January 1, 2014. In addition, Amazon.com began collecting NC sales tax in 2014.

Overall, state, NC League of Municipalities (NCLM) and the NC Association of County Commissioners (NCACC) experts expect statewide sales tax growth to be 7% for FY

2015. Staff used this guidance to project local and statewide collections.

For next year, both NCLM and NCACC recommend budgeting between 3 and 4% growth for statewide collections. Staff is recommending 3% for both local and statewide collections.

As the chart on the previous page demonstrates, locally collected sales tax has surpassed pre-recession levels, a positive indicator of our economy.

Medicaid Relief:

Beginning with FY 2008, the state has gradually taken over the counties' share of Medicaid expense in exchange for a portion of County sales tax revenue and other sales tax changes. Overall, Chatham County loses more from sales tax revenue reductions and changes than we gain from Medicaid relief. The original legislation provided a hold harmless provision for counties in our situation, plus a \$500,000 additional amount per year. Late in last year's session after our budget had been set, the legislature decided to phase out the \$500,000 benefit. In FY 2016 we will lose \$250,000 in revenue.

The hold harmless payment is based on the actual sales tax revenue and Medicaid expense as if the changes had not been made. A good economy means that sales tax revenues are up and Medicaid expenses are down, increasing the overall benefit to counties.

Staff has been very conservative in budgeting this revenue since FY 2010, when early projections showed the County receiving \$600,000 but only \$261,690 was actually realized.

Typically, we rely on projections from the NC Association of County Commissioners, which uses actual Medicaid expenditures and sales tax receipts to estimate the hold harmless payment. Based on NCACC projections, we estimate \$2.6 million in FY 2015. We are budgeting the FY 2016 revenue more conservatively than we would typically because of dependence on the legislature (\$1.75 million).

Elements of the Medicaid "swap" include:

- County loses all of Article 44 (one-half cent) sales tax.
- Article 42 (one-half cent) sales tax switches from being shared statewide on a per capita basis to being distributed based on local collections.
- State takes over 100% of County's Medicaid costs.
- County must reimburse towns for their share of lost sales tax revenues.
- County must hold schools harmless for portion of Article 42 earmarked for school capital.
- Counties are guaranteed a "hold harmless" amount: +\$250,000 (being phased out).

Intergovernmental:

Intergovernmental revenues are those that the state and federal government “share” with counties, generally to fund specific programs. This category includes Medicaid relief, described above. Because of Medicaid relief, the Jordan Lake Payment in Lieu, and DSS reimbursements, intergovernmental revenues are expected to increase by 10%. Intergovernmental revenues have historically been declining as a portion of total revenue.

- **Social Services Reimbursements:** State and federal government reimburse us partially for the salaries and operating costs of social services programs. All federal and state reimbursements are based on estimates provided by the NC Department of Health and Human Services and adjusted for local conditions. These reimbursements are linked directly to expenditures in Social Services. This revenue source is expected to increase by 3% to reflect increased expenditures overall and a higher reimbursement rate (75% versus 50%) for Medicaid administration.
- **Safe Havens Grant:** Federal funding for the Safe Havens Program, which provides secure court-ordered visitation services for families, continues through FY 2016. The program is also reapplying for a state grant from the Governor’s Crime Commission, which is not budgeted. The grants and fees completely cover the cost of this program.
- **Lottery Proceeds:** This revenue does not affect the general fund directly, as revenues are budgeted in the debt reserve. Approximately \$500,000 is estimated for Chatham in FY 2016. Efforts are underway to request that the NC General Assembly restore all lottery proceeds originally dedicated

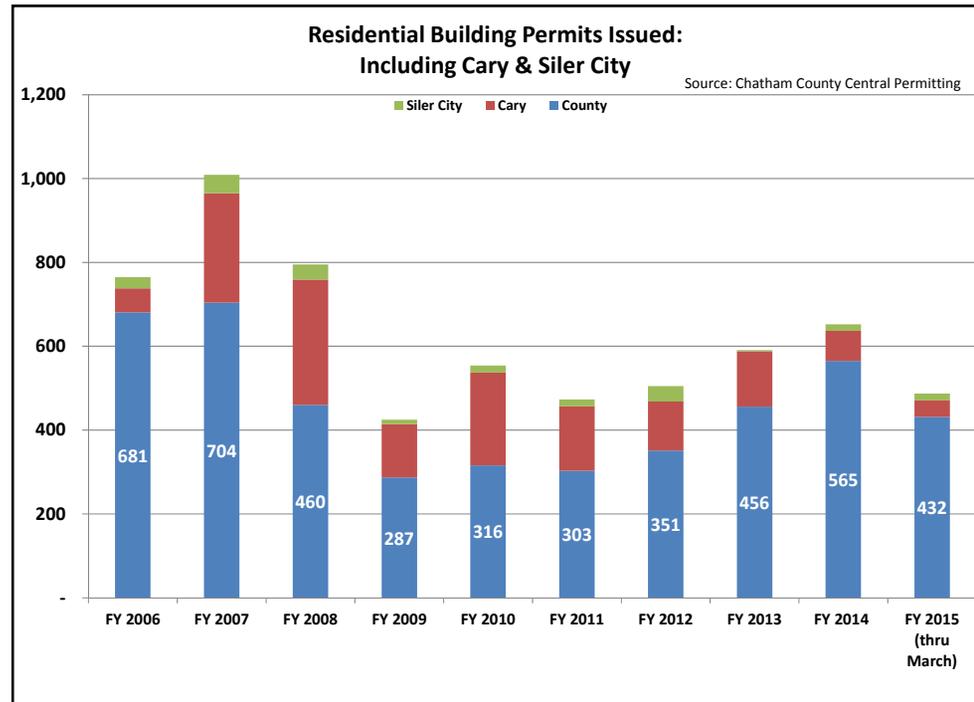
for school construction, which is about twice the amount we estimate receiving.

- **Federal Payment in Lieu of Taxes (PILT):** Last year, Congress removed PILT payments from the budget and reauthorized funding for FY 2014 only in the Farm Bill. The National Association of Counties could give no assurance on whether PILT would be reauthorized for FY 2015, so staff did not budget anything. However, Congress did reauthorize the funds. Staff is recommending that the typical amount of PILT be projected for FY 2016, \$97,000.
- **ABC Revenue:** Staff is estimating approximately \$86,000 for FY 2015, but is recommending that the FY 2016 budget be set at \$75,000, which is the amount that is typically budgeted.
- **Court Revenues:** FY 2015 court facility fees are trending 10% lower than FY 2014, but above budgeted amounts. Staff recommends a 3% increase from amounts budgeted in FY 2015. Based on trends year-to-date, revenue from court costs is expected to be slightly higher.
- **Beer and Wine Tax:** The NC League of Municipalities estimates that FY 2015 collections (not yet received) will be 5% above FY 2014 and FY 2016 will be 3% above FY 2015. Staff used this recommendation to estimate revenues.

Fees & Permits:

Fees are generated when County residents and others pay for permits charged for regulations the County is required to enforce. Some fees, such as Register of Deeds recording fees, are set by state law. Most other fees are established locally and can be set at various levels. Overall, this revenue is expected to increase 3%.

- Register of Deeds Fees:** Fees are charged when legal documents are recorded. Because of fewer mortgage refinancings, staff estimates that FY 2015 receipts will be about 5% less than FY 2014. FY 2016 projections are slightly more conservative than FY 2015 estimated receipts.
- Building Inspection Fees:** Reflecting significantly increased building activity, staff estimates that the revenues for FY 2015 will be 13% above FY 2014. Through March 2015, the number of county-issued permits is up 7% over the same time period last year. For FY 2016, staff recommends budgeting \$1.17 million, approximately 3% less than FY 2015 estimated, plus \$19,875 for new fees, explained in Appendix E.



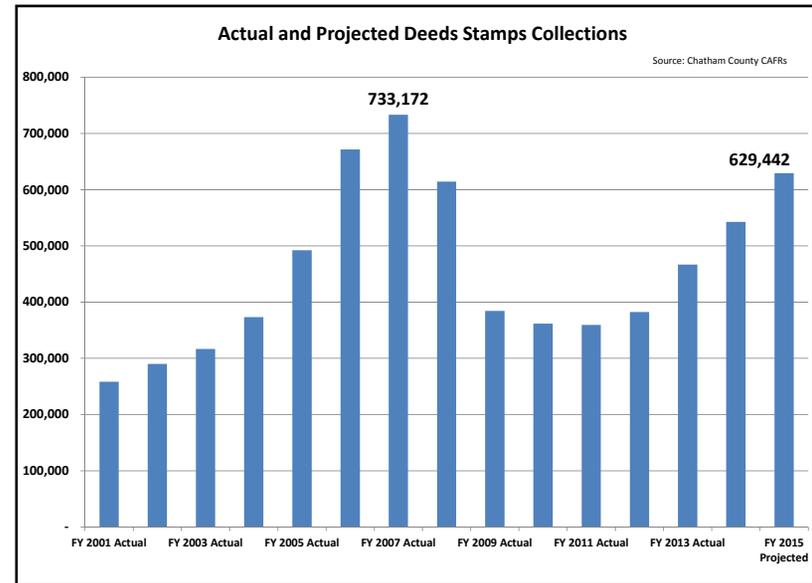
Other Taxes and Licenses:

Other Taxes and Licenses represent locally collected taxes, other than the property tax. Overall, this revenue category is expected to increase 8%, primarily because of increased deed stamp collections.

- Register of Deeds Revenue Stamps:** Revenue stamps are charged when properties are sold within the County. We are required to share half of the revenue with the state. For FY 2015, this revenue source is expected to be 9% above FY 2014. Projections for FY 2016 are slightly more

conservative than FY 2015 estimated. As the chart to the right shows, while land transactions have not reached the peak levels of FY 2007, they have improved dramatically since the downturn in the economy.

- **Occupancy Tax:** FY 2015 is expected to be about 10% above FY 2014 collections. Projections for FY 2016 are slightly more conservative. As a practical matter, the expenses of the Pittsboro-Siler City Convention and Visitors Bureau are set equal to occupancy tax revenues. Any deficit is subtracted from the occupancy tax reserve, while any excess contributes to the reserve. At the end of FY 2014, the reserve balance is estimated at approximately \$177,277, about twice the department's annual operating expenses.



Other General Fund Revenues:

Interest: With interest rates at historic lows, the Finance Office has begun investing approximately 50% of available cash in agencies, treasury notes, and commercial paper. This strategy has paid off with FY 2014 interest about double that received in FY 2013. FY 2015 is estimated to be even slightly higher. Staff recommends budgeting \$140,000 in FY 2016, which is slightly more conservative than the FY 2015 estimate.

Grants/Donations: This revenue source is projected to decrease 16% from FY 2015. One reason is elimination of revenue for the Chatham Transit Director's salary. This position will no longer be funded through the county and reimbursed by the agency.

General Fund Sales and Service: Sales and service revenue is generated when County departments provide services directly to residents and are reimbursed either directly

from residents or from a third party, such as Medicaid. In general, the County has more control over the “prices” of its services than any other revenue type, besides property taxes. The exception is Medicaid, because reimbursement rates are set by the Federal government. Several adjustments in health clinic fees are recommended to match Medicaid reimbursement rates.

In the general fund, this revenue source is expected to increase by 2%. Major revenue increases are projected in the jail when we begin holding state sentenced misdemeanants and in environmental health, where fees are projected at 27% above FY 2015 budgeted amounts.

Enterprise Fund Revenue:

Sales and service revenue accounts for most of the revenue in the Water and Solid Waste & Recycling Funds.

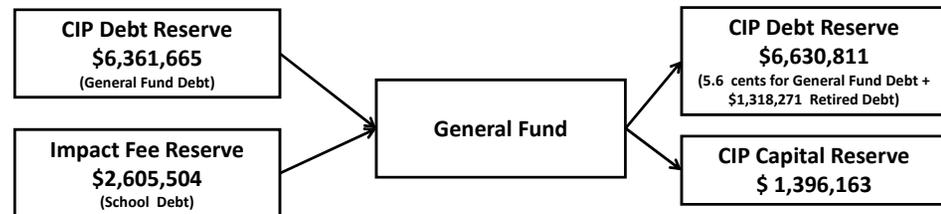
Water revenues are expected to increase 9% from FY 2015 budgeted amounts. Since the recession began, revenue had not grown significantly in the Water Fund, despite an increase in the number of customers. This trend appears to have turned around somewhat in FY 2015, with estimated revenues 4% above FY 2014. We suspect the trend was related to the economic downturn and water customers conserving more. With the economy improving, water usage per customer is estimated to increase 3% in FY 2015. Increased customers results from development, such as Briar Chapel.

Waste Management revenues are projected to increase 4.4% overall, reflecting grant revenues to purchase recycling containers for the new comingled recycling program and the sale of surplus equipment to replace two front-loaders with a roll-off truck, possible because of the switch to comingled recycling. Sales and service is expected to be flat with collection fees (paid by all non-municipal residents) increasing by 1%, and disposal fees (paid by non-municipal residents without a private hauler) remaining flat. Most new development in the county is occurring in subdivisions that contract with private haulers.

Transfers In:

Transfers of revenues generally occur from special revenue funds to the operating funds for special purposes. Overall, this revenue source is expected to decrease by 8%.

- CIP Reserve:** This reserve was established as part of the County's financial plan to fund capital improvements. Five and six-tenths cents on the property tax rate, plus the decrease in debt service on general obligation bonds, is transferred annually to this reserve. In turn, funds to cover principal and interest on the County's debt-financed CIP projects are transferred to the general fund each year. This approach avoids large increases in property taxes to pay for debt service. For FY 2016, an additional \$1,259,121 will be transferred from the reserve for increased debt service resulting from the financing of



the Agriculture and Conference Center and joint school bus/county garage.

- Impact Fee Reserve:** This reserve accumulates impact fees to pay for capital and debt service for school improvements related to growth. A transfer of \$2,605,504 is needed to cover debt for Virginia Cross Elementary, Northwood High School Renovations, Margaret Pollard Middle, and several small projects. This represents a 23% reduction from the FY 2015 transfer. The recent refunding lowered debt service payments for Margaret Pollard.

Fund Balance:

General Fund One-time Expenses:

Replacement Capital	\$731,423
Continuation Operating One time	\$672,930
School Capital Outlay	\$1,911,708
Capital Improvements Program	\$1,396,163
Expansion Capital/One time	\$933,224
Total One-time Expenses	\$5,645,448
Fund Balance Appropriated	\$5,528,563

Fund balance is typically used as “revenue” to balance the budget. Consistent with the Commissioners adopted financial policy, the use of fund balance in the general fund is tied to one-time or capital expenditures, as shown in the table above.

Overall, the general fund appropriation from fund balance is up 64% from FY 2015. The higher appropriation reflects more "spending" for capital improvements projects and very large one-time expenses in operating, such as the comprehensive plan and revaluation. While this seems significant, it is not the highest appropriation as a percent of revenues in the last five years. Staff recommends that we work to move the CIP transfer to recurring revenue in future years.

No appropriation of fund balance in the Solid Waste & Recycling Fund is recommended, as operating revenues cover costs. The fund includes one-time expenses of \$241,715.

The Water Fund appropriation is recommended at \$18,726. The fund includes one-time expenses totaling \$185,085.

The table below shows the amount of fund balance available for appropriation in FY 2016 in the three major operating funds.

Fund Balance available for appropriation:	General Fund	Water Fund	Solid Waste Fund
Cash and Investments	30,196,791	3,784,813	3,938,384
Less:			
Liabilities	(4,343,118)	(616,892)	(172,961)
Deferred revenues	(272,325)	0	0
Available for appropriation	25,581,348	3,167,921	3,765,423
Recommended for appropriation	\$5,510,031	\$18,726	\$0

General Fund Expenditure Summary:

	2015 Amended	2015 Estimated	2016 Recommended	Variance	% Inc./ (Dec.)
Administration	6,317,623	5,625,937	6,742,656	425,033	7%
Debt Service	10,638,580	40,998,586	10,614,633	-23,947	0%
Debt/Capital Transfers	6,128,065	7,162,065	8,026,974	1,898,909	31%

	2015 Amended	2015 Estimated	2016 Recommended	Variance	% Inc./ (Dec.)
Chatham County Schools	29,231,909	28,352,909	30,037,838	805,929	3%
Other Education & Culture	3,097,007	2,936,908	3,157,768	60,761	2%
General Government	2,604,124	2,464,692	2,927,523	323,399	12%
Human Services	17,886,241	17,154,386	18,302,426	416,185	2%
Natural Resource Management	2,899,520	2,264,701	2,790,128	-109,392	-4%
Public Safety	15,664,238	15,065,221	16,846,536	1,182,298	8%
Total	94,467,307	122,025,405	99,446,482	4,979,175	5%

Administration: The 7% increase in this grouping can be explained by the FY 2016 and midyear FY 2015 pay and benefit adjustments and additional positions in the Facilities Division to support the new Agriculture and Conference Center [+207,305]; operating increases to cover positions budgeted in contingency [+190,814]; large maintenance projects [+160,000]; and additional operating expenses for the Agriculture and Conference Center [+56,198].

Debt Service: Debt service is decreasing slightly because increased debt service for the Agriculture and Conference Center and Joint School Bus/County Garage is offset by lower debt service for general obligation bonds.

Debt/Capital Transfers: Overall, this category is up 31%. The debt model calls for the savings in general obligation debt service to be transferred to the reserve [+528,840]. The Capital Improvements Program calls for a \$1,396,163 transfer to the capital reserve to fund projects in the CIP.

Chatham County Schools: Overall, funding for Chatham County Schools is increasing 3%. Current expense funding is increasing \$1,422,677, or 6%. Capital outlay is increasing \$502,252, or 36%. These increases are offset somewhat by

moving CIP projects out of the General Fund and instead funding a transfer to the capital reserve [-679,048].

Other Culture & Education: The 2% overall increase results from increased pay and benefits for the FY 2016 and midyear FY 2015 pay adjustments and increasing the time of one position in Parks & Recreation [+44,307]; a 13% increase in operating expenses for CCCC [+77,989]; and a 19% increase in operating costs in Cooperative Extension to cover state cuts in funding local agents and for one-time startup expenses of the Agriculture & Conference Center [+61,623].

General Government: General government is increasing 12%, as a result of increased pay and benefits for FY 2016 and midyear FY 2015 pay adjustments and increasing the time of a position in Register of Deeds [+151,717]; new expenses for a separate Presidential primary in elections [+64,267]; and onetime expenses associated with contracting revaluation [+338,500].

Human Services: Human Services is increasing 2%, as a result of increased pay and benefits for FY 2016 and midyear FY 2015 pay adjustments, reclassifications in Social Services, and increasing the time of a position in Preventive Health

[+339,649]; a onetime allocation of \$75,000 to Council on Aging for building repairs; and onetime expenses in Animal Services and Chatham Transit Network for software and Preventive Health for scanning records [+121,868]. These increases are offset by reductions in state and federal grants and public assistance to individuals [-123,180].

Natural Resource Management: Natural Resource Management is decreasing 4%. Increased pay and benefits for FY 2016 and midyear FY 2015 pay adjustments and new positions in Building Inspections, Planning, and Land & Water Resources [+280,208] are offset by a large reduction in economic incentives no longer required [-622,526]. The FY

2015 budget also included onetime expenses associated with preparing the Siler City advanced manufacturing site, which are no longer required [-124,572].

Public Safety: The 8% overall increase results from increased pay and benefits for the FY 2016 and midyear FY 2015 pay adjustments and new positions in the Sheriff’s Office [+464,622]; a 16% increase in the EMS contract, which includes an annual 3% increase plus adding a unit to cover the area vacated by Parkwood Fire Department [+383,972]; additional operating expenses associated with the new jail [+142,989]; and additional capital outlay in the Sheriff’s Office [+261,654] for new and replacement vehicles and equipment.

Enterprise Fund Expenditure Summaries:

	2015 Amended	2015 Estimated	2016 Recommended	Variance	%Inc./ Dec.
Solid Waste & Recycling	\$3,281,965	\$2,727,571	\$3,104,191	-\$177,774	-5%
Southeast Water District	\$600,700	\$626,509	\$601,200	500	0%
Water Fund	\$5,670,391	\$5,197,175	\$5,606,726	-\$63,665	-1%

Expansion Requests:

“Expansion requests” represent new programs, new positions, new capital outlay, and requests for the County to take over programs that previously were grant funded. The County Manager recommends that the following expansion

requests be funded. (At the suggestion of GFOA, only requests of +/- \$10,000 are listed here). More detail can be found on these and smaller requests in each department’s budget.

Department	Expansion	Net Cost
Central Carolina Community College	CIP: Feasibility study for health sciences building	\$30,000
Central Permitting -- Inspections Division	Increase hours for temporary employee from 15 hours per week to 24 hours per week	\$24,960
Central Permitting -- Inspections Division	Plan review officer	\$34,687
Chatham Transit Network	Scheduling software	\$22,827

Department	Expansion	Net Cost
Cooperative Extension Service	Increase time of extension support specialist from 50% to 80%	\$20,580
Council on Aging	Building and facility maintenance and repair:	\$75,000
Court-Related Programs	Additional staffing and on-call pay for pretrial staff	\$10,833
Economic Development Corporation	CCCC/EDC collaboration for Small Business Center coordinator	\$23,000
Elections Office	Expenses for Presidential primary	\$64,267
Emergency Management -- EMS	EMS services for residents formerly served by Parkwood Fire Department	\$310,000
Emergency Management -- Telecom.	CIP: Consultant to plan tower upgrade project	\$50,000
EQ -- Land & Water Resources	Erosion control officer	\$86,319
EQ -- Solid Waste & Recycling	CIP: Single stream recycling—eliminate capital reserve transfer and reduce in vehicle maintenance	(\$115,000)
EQ -- Solid Waste & Recycling	CIP: Single stream recycling—sale of equipment no longer needed	(\$89,684)
Health -- Animal Services	Animal Services enforcement software	\$49,041
Health -- Preventive Health Care	Increase time of Administrative Assistant I from 75% to 100%	\$14,004
Health -- Preventive Health Care	Contracted service for scanning of medical records	\$50,000
Nondepartmental/General Services	"Contingent positions" (Animal Services, 911, Planning, and Cooperative Extension)	\$190,814
Parks & Recreation	Increase park attendant from 50% to 100%	\$25,015
Pittsboro-Siler City CVB	Capital Improvements Program (CIP): Agriculture and Conference Center operating expenses	\$64,843
Planning Department	Increase time for Planner II position from 75% to 100%	\$20,657
Planning Department	Comprehensive plan	\$325,000
Public Works -- Facilities Management	Maintenance Technician I position	\$58,233
Public Works -- Facilities Management	Siler City First Health parking lot renovations	\$70,000
Public Works -- Facilities Management	Performance Building parking lot renovations	\$90,000
Public Works -- Facilities Management	Capital Improvements Program (CIP): Agriculture & Conference Center operating expenses	\$56,198
Public Works -- Fleet Management	Capital Improvements Program (CIP): Startup operating costs for joint school bus/county garage	\$87,000
Sheriff's Office -- Law Enforcement	Narcotics investigator position	\$34,650
Sheriff's Office -- Law Enforcement	Court deputy position	\$65,231
Sheriff's Office -- Law Enforcement	Electronic monitoring investigator	\$62,878
Sheriff's Office -- Law Enforcement	Construction of a permanent morgue and contract for maintenance and cleaning	\$149,060
Soil & Water Conservation District	Capital Improvements Program (CIP): Receptionist position for Agriculture and Conference Center	\$21,899

Continuation Budget

“Continuation” refers to the portion of the budget that assumes that the County will continue to do business as it does currently. In other words, what will it cost next year to

continue the same services and service levels without adding people or programs?

Overall, the General Fund continuation budget increased 3% over FY 2015. Reasons for this are as follows:

- **Salaries:** Continuation salaries increased 4% for two reasons. First, the recommended budget includes a 3% market pay adjustment for employees, at a cost of \$700,000 in the general fund. Second, an additional \$230,000 is needed to fully fund FY 2015 pay raises given in October.
- **Other Personnel Costs/Benefits:** Overall, this category increased 3%. Pay-based benefits increased as a result of salary increases. A \$270,106 (7.5%) increase in health insurance is recommended to cover expected costs. A \$53,454 reduction (0.3%) in retirement costs is also recommended due to action by the State Treasurer's office to lower the contribution.
- **Operating:** Operating expenses grew 2%. Increased funding to Chatham County Schools accounts for most of this amount, with funding increasing \$1.9 million or 7%. Gasoline expenses are down 20% or \$80,036. The forecast for gasoline over the next 18 months shows we can expect this continued reduction. Electricity is expected to increase 22% or \$117,621 to cover sales tax that is no longer reimbursable and a full year of jail operations. Property and liability insurance is budgeted to decrease \$60,000 or 12% to account for significant savings realized in FY 2015 from bidding coverages. Costs for the county's revaluation result in a \$191,000 increase for contracted services to ensure timely completion. As called for in the contract, the FirstHealth payment is increased by 3% or \$68,911. Funding for CCCC is recommended to increase \$47,989 or 8% to cover additional operating costs. Finally,

contingency is budgeted to increase \$94,678 or 26% to cover numerous potential items identified by departments that could affect the budget, but are not certain at the time the recommended budget is presented.

- **Debt:** Overall, the County's debt service obligations decreased \$23,947 or 0%. Increased debt service for the Agriculture and Conference Center and Joint Bus/County Garage is offset by reductions in general obligation debt and savings from the recent refunding.
- **Transfers:** Transfers are budgeted at a 31% increase over FY 2015. The debt model calls for savings from the retirement of GO debt to be transferred to the CIP/debt reserve, an increase of \$585,046. The Capital Improvements Program calls for a \$1.3 million increase in the transfer to capital reserve.
- **Public Assistance/Grants/Special Programs:** This category decreased 19% because several one-time allocations in FY 2015 do not recur in FY 2016. This includes \$301,000 in special allocations to Siler City and Goldston and a \$622,526 reduction in economic development incentives.
- **Capital Outlay:** Expenditures for replacement capital outlay decreased 6% because of fewer items being replaced.

Capital Improvements Program (CIP)

Background: The CIP is a long-term plan for funding the County’s major capital needs. It shows how facilities, equipment, and other projects that cost \$100,000 or more could be scheduled and funded over the next seven years, beginning in FY 2016. The CIP is updated annually during the budget process and may be modified at any time to reflect changing conditions. A CIP is a systematic way of anticipating, planning, and budgeting for major projects. The adoption of a CIP can improve the credit worthiness (bond rating) of a jurisdiction. CIP requests originate at the department level. The Manager’s Office reviews new and existing requests and recommends a proposed CIP to the Board of Commissioners. The Board of Commissioners reviews the recommendation in detail, makes changes, and adopts an approved CIP. During review of the annual operating budget, Commissioners may make additional changes to the CIP.

No changes in the schedule of the FY 2016-2022 adopted CIP are proposed in FY 2016. Two feasibility studies are recommended to obtain cost estimates for future projects: \$50,000 to hire a consultant for the radio system replacement and \$30,000 for a feasibility study for the CCCC Health Sciences Building.

The main impact of the CIP on the FY 2016 is found in two areas:

First, the \$1.3 million transfer to capital reserve called for in the CIP is funded.

Second, several projects in the CIP have operating impacts on the FY 2016 budget.

- The Agriculture and Conference Center staff, utilities, and other operating expenses total \$144,965.
- The budget includes \$87,000 to hire staff ahead of the opening of the county’s portion of the joint garage.
- A small increase for utilities is needed in Solid Waste & Recycling for the new, larger office space: \$7,695.
- Finally, \$204,684 in savings and revenue results from conversion to single-stream recycling begin in FY 2016, even though the conversion is not expected until FY 2017. Savings result from no longer having to transfer funds to capital reserve for a new collection center in the northeast and revenue and maintenance savings from selling two surplus trucks that are no longer needed.
- **FY 2016 Projects:** Projects with funds budgeted in FY 2016 are as follows. All are multi-year projects that are budgeted via a project ordinance.

CIP Project	FY 16 Budget/ Estimate
General Fund:	
Bike Lanes	166,500
County Buildings - Chatham County Agriculture & Conference Center	8,203,256
County Buildings - Space Needs Study Implementation	1,936,429
Parks - Briar Chapel Park Improvements	860,615

CIP Project	FY 16 Budget/ Estimate
Schools - Joint School Bus & County Garage	308,993
Schools – Mobile Classrooms	167,000
Schools – Northwood High School HVAC replacement	165,000
Schools - Roof Replacements (non QSCBs)	1,659,826
Technology - Integrated Public Sector Software	294,093
Technology – Telephone System Replacement	101,200
Total General Fund	13,862,912
Solid Waste & Recycling Fund	
Solid Waste & Recycling – Single Stream Recycling	538,322
Solid Waste & Recycling - Replace Office	138,551
Total Solid Waste & Recycling Fund	676,873
Water Fund	
Water - Haywood Water Main Replacement	127,060
Water - Nature Trail Water Main Replacement	418,450
Water - Planning Western Intake and Plant	500,000
Total Water Fund	1,045,510
Total CIP Expenses	15,585,295

More Information: See Appendix D for a summary of the Capital Improvements Program.

The Future

Short-Term: National, state, and regional economists are much more optimistic about the state of the economy. Locally, we appear to be doing even better. Indicators of local growth, such as building inspections and deed stamps, are trending at or near pre-recession levels. For that reason, additional revenue growth is anticipated in many areas in FY 2016, especially permits and sales tax. Property tax growth, while it has been flat in recent years, is beginning to show the results of this

growth in upcoming budgets. In short, the county should have more resources to deliver services to a growing population; however, the rate of growth year-over-year may begin leveling off.

We have made much progress in positioning our workforce and facilities to deal with this growth in the short term. New schools, community college buildings, a new justice center, detention center, a joint school bus/county garage, and

agriculture center will ensure the county has the facilities to deliver services. These facilities were built when construction costs had declined substantially and interest rates were at historic lows. We were able to do this only because we had positioned ourselves financially to continue to invest when many jurisdictions had to make deep cuts, particularly in their capital programs. Investments in our employees to maintain market pay and provide comprehensive training means we will have the skills to move forward. In short, we are ready for new demands on our services.

The Long Term: Chatham Park, the Chatham-Randolph Megasite, and the Moncure Super Park present many opportunities and challenges. While our recent investments will help us deal with the expected growth, these developments are game-changers. We will have to be even more savvy about how we invest our resources to ensure we maximize these opportunities. Careful planning of public facilities, continued efforts to make our pay and benefits competitive, and stewardship will help us walk down this exciting, but challenging path.

Invitation for Public to Participate

Chatham County values the input of its residents. You have several opportunities to give your feedback. First, County Commissioners will hold two public hearings on the budget as follows:

- **Monday, May 18, 6 p.m.,** Historic Courthouse, Pittsboro.
- **Tuesday, May 19, 6 p.m.,** Siler City Courtroom, Town Hall.

Respectfully submitted May 4, 2015.

Charlie Horne

Charlie Horne
County Manager

You may provide comments or ask questions of our budget staff. Please contact Renee Paschal (renee.paschal@chathamnc.org), 919-545-8300 or Lisa West (lisa.west@chathamnc.org), 919-545-8483. To ensure comments are considered, please submit by May 22, 2015.

Commissioners will also hold a series of budget work sessions. Check times and places on the County's website: www.chathamnc.org.