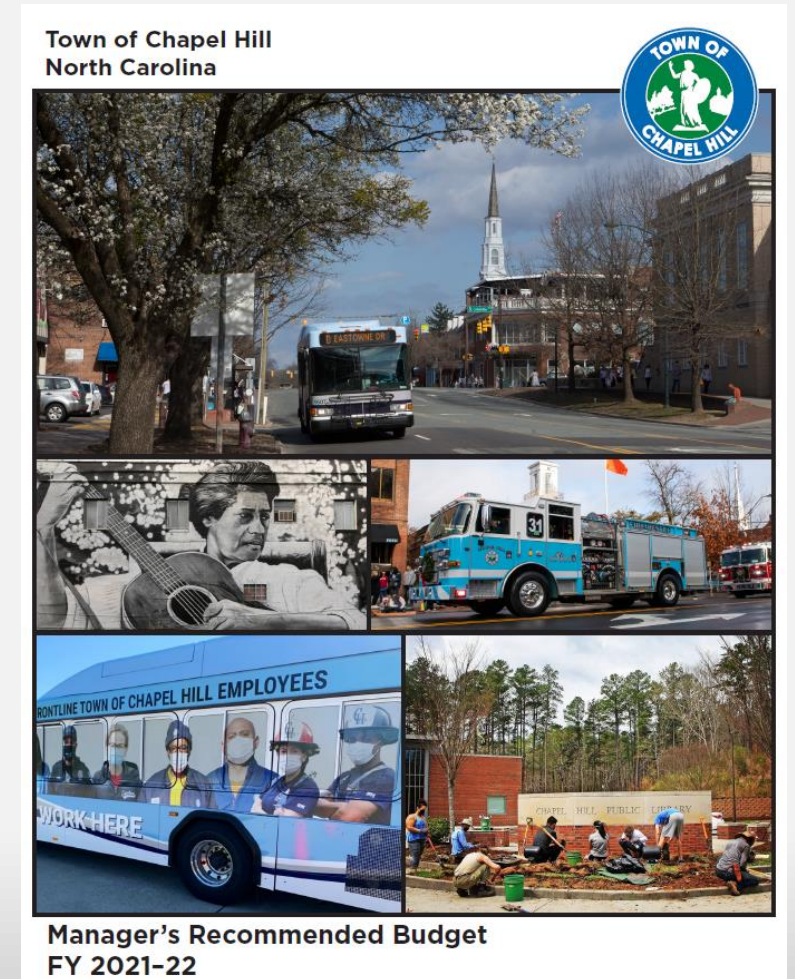


Budget Overview – Council Retreat



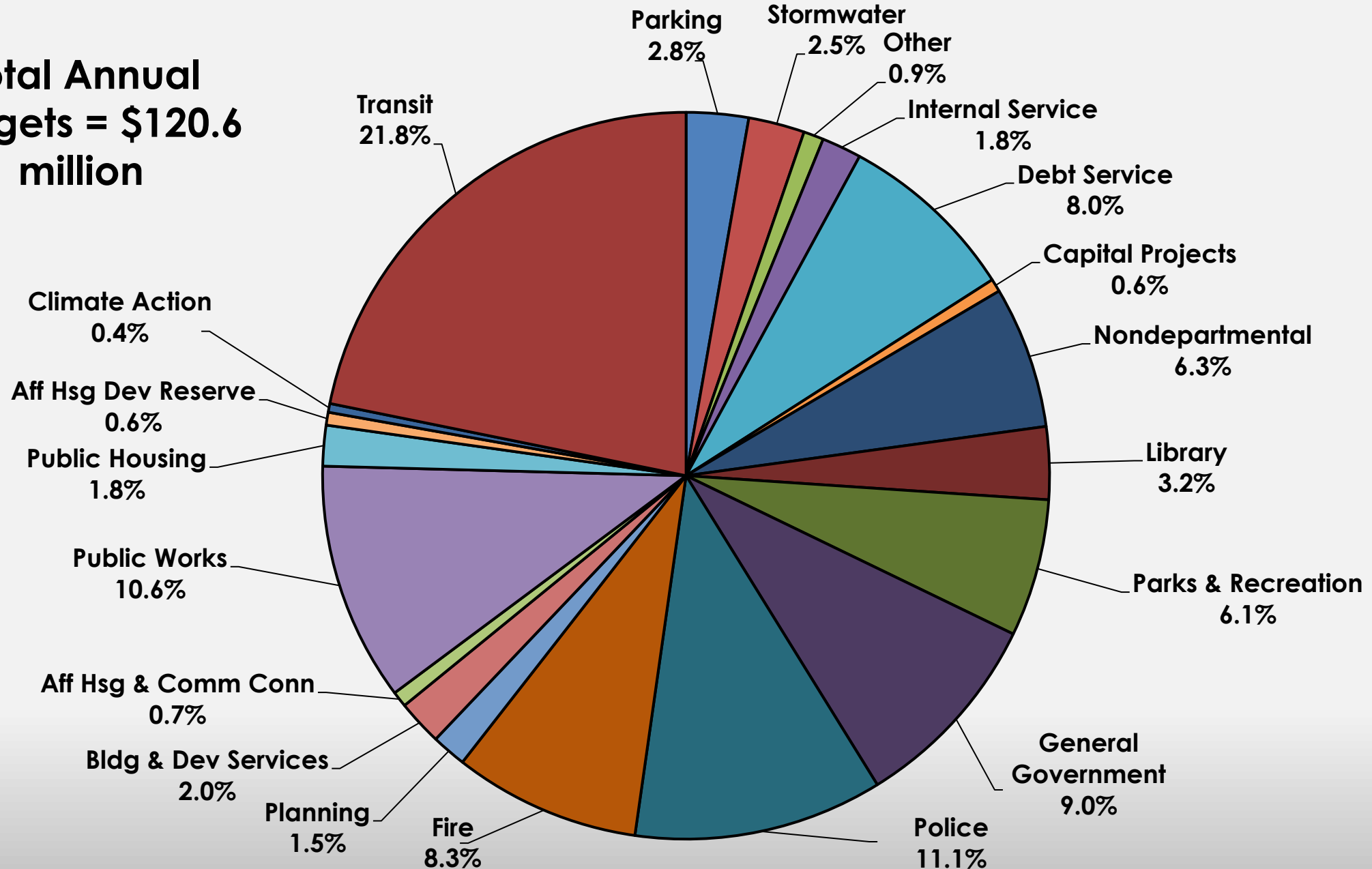
Topics for Discussion

- FY 2021-22 Budget Update
- Budget Drivers
- 5-Year Budget Strategy
- Early FY 2023 Projections
- Budget Timeline
- Council Priorities



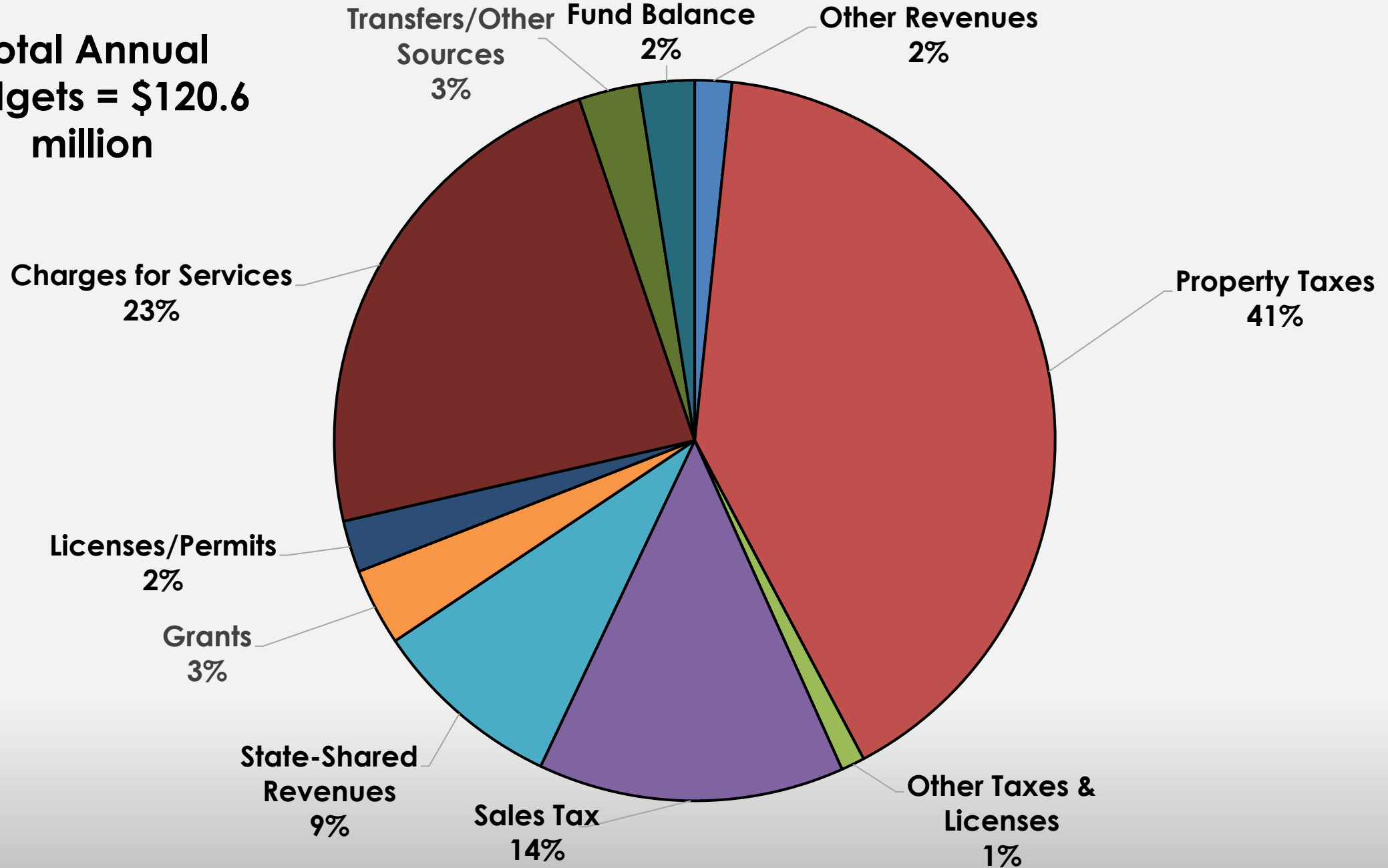
Town Appropriations - FY 2022 Annual Budgets

Total Annual Budgets = \$120.6 million

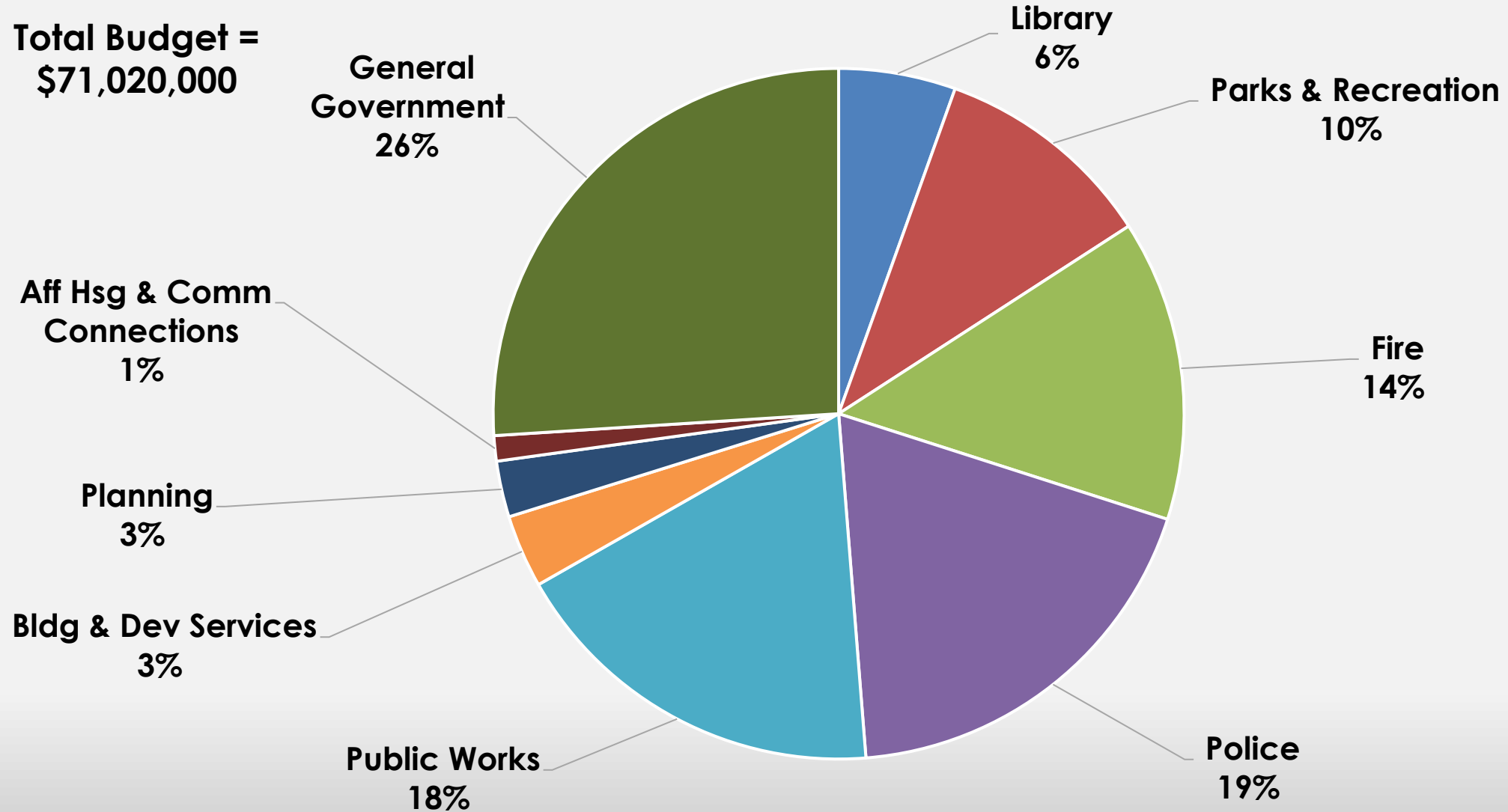


Town Revenues – FY 2022 Annual Budgets

**Total Annual
Budgets = \$120.6
million**

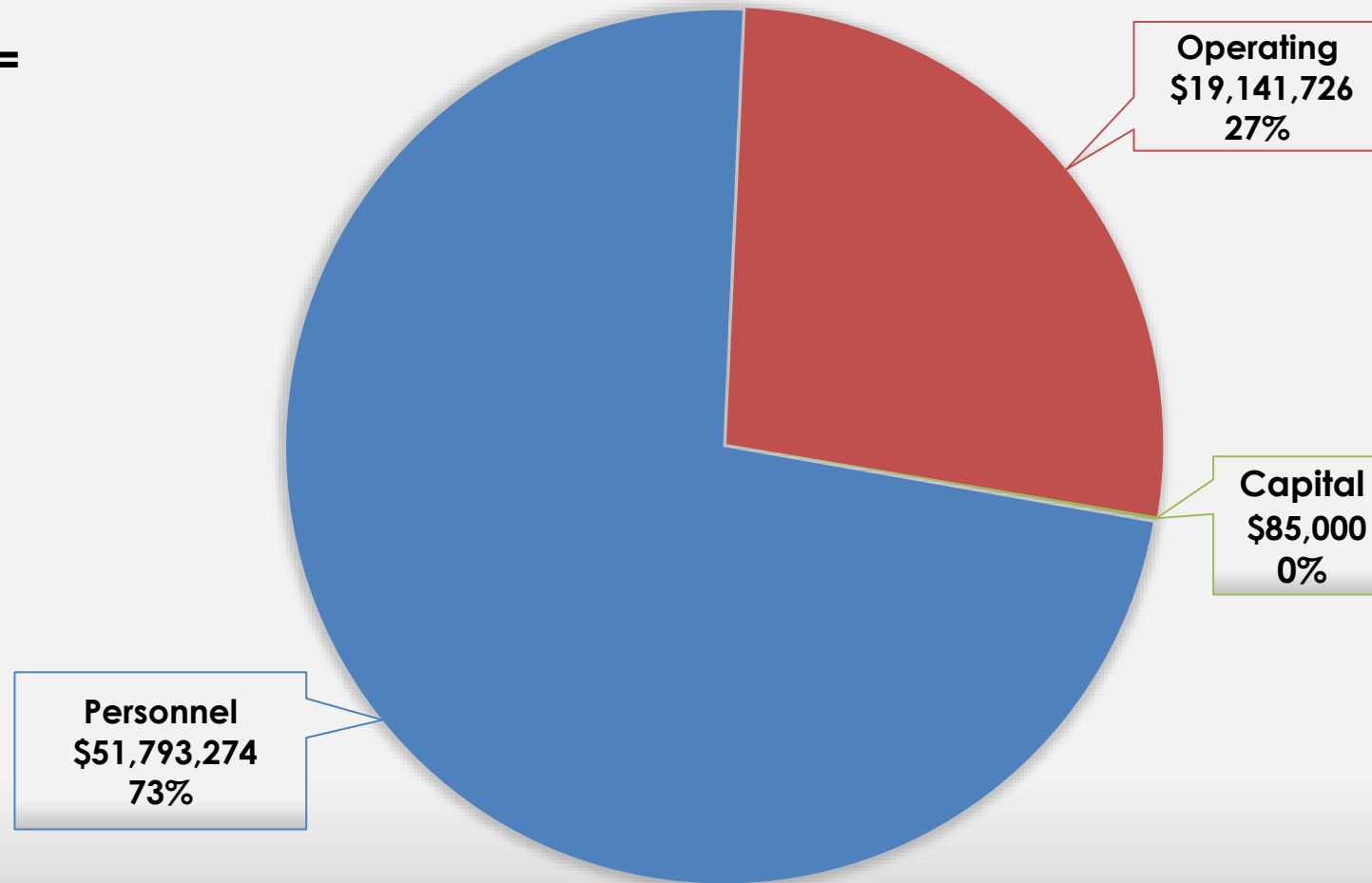


General Fund FY 2022 Expenditures Budget



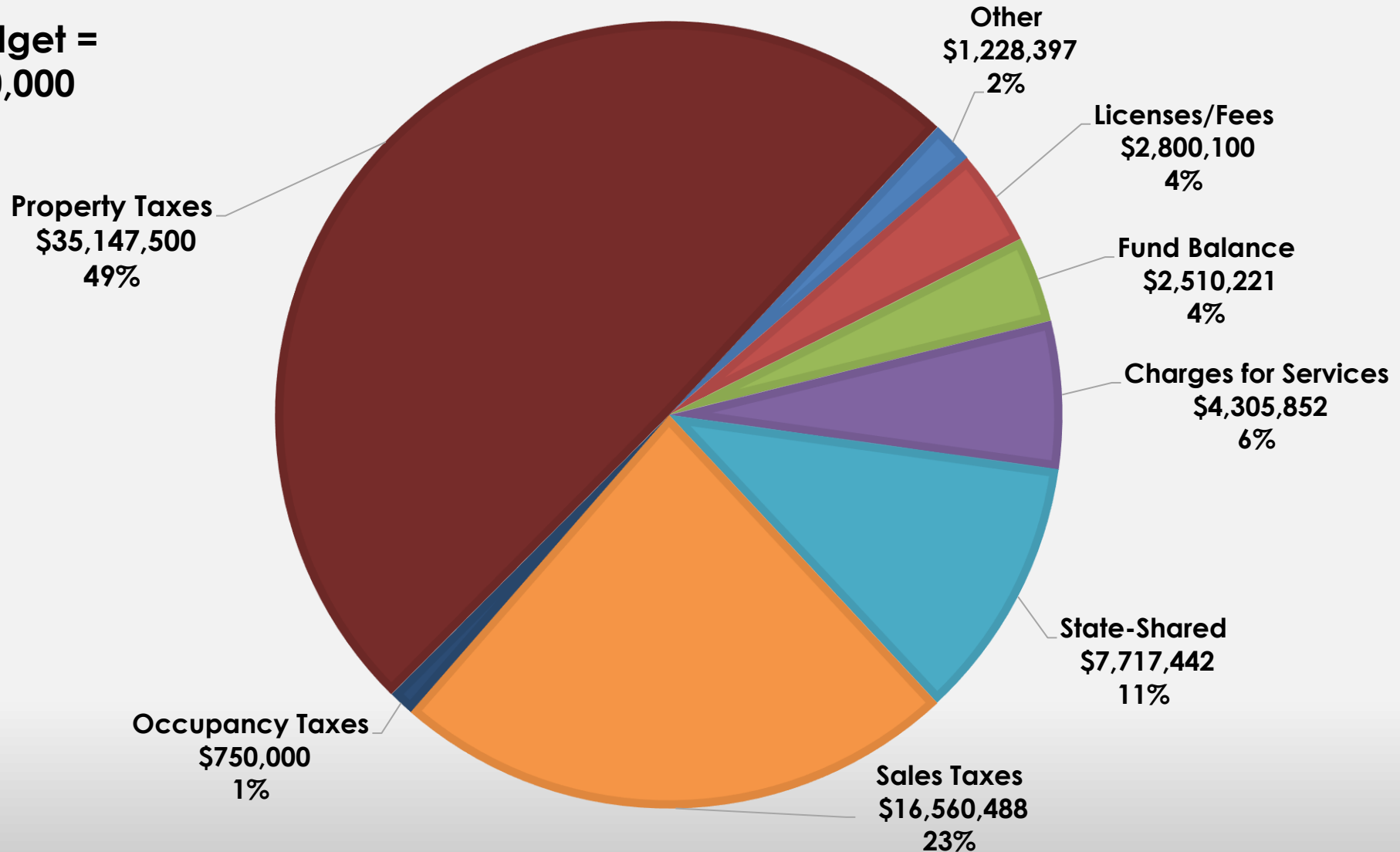
General Fund FY 2022 Expenditure Budget

**Total Budget =
\$71,020,000**



General Fund FY 2022 Revenue Budget

**Total Budget =
\$71,020,000**



Update on FY 2022 Budget Initiatives

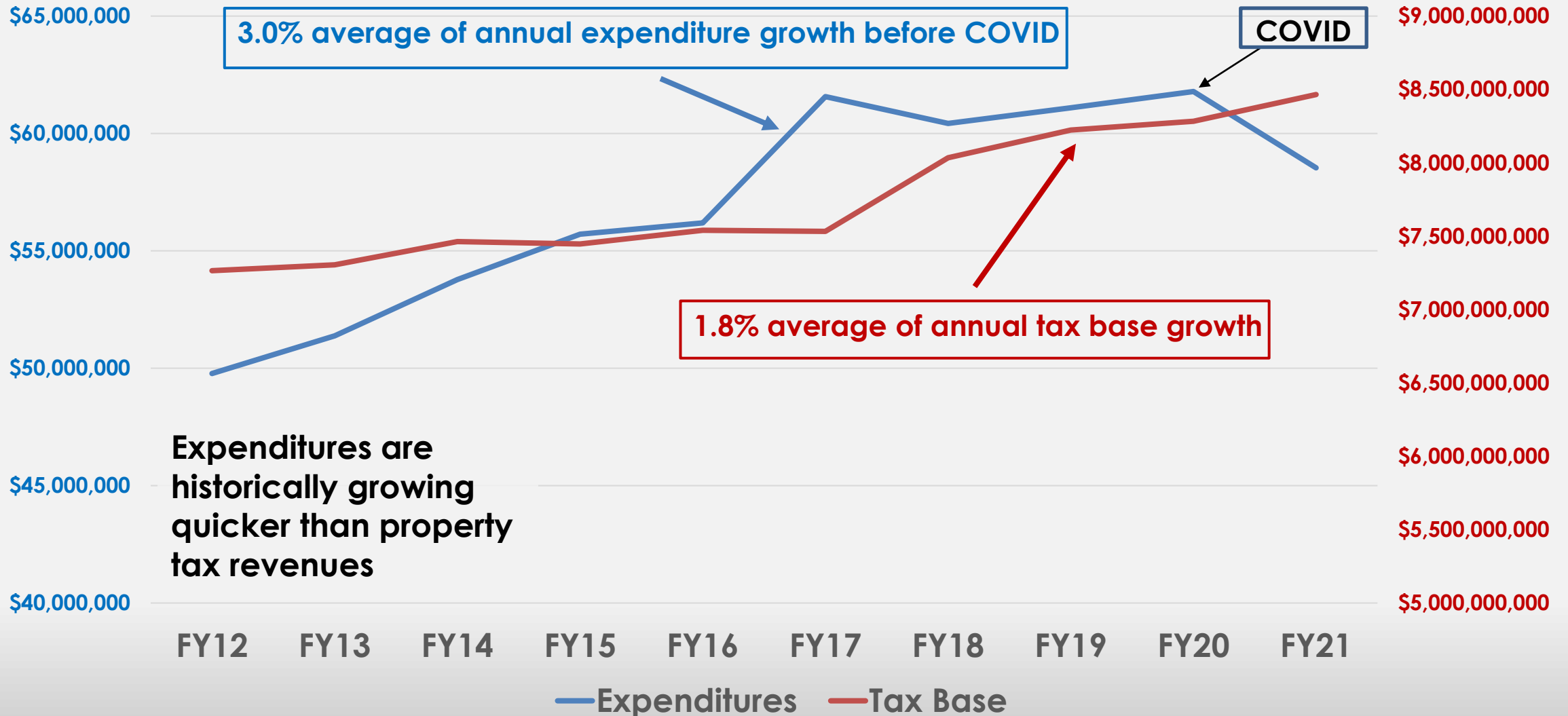
- Focus on core services
- Restore/Replenish services that were limited
- Classification & Compensation Study Implementation
- Council Priorities:
 - Environmental Stewardship - Climate Action Plan
 - Economic Development – ReVive & East Rosemary Deck
 - Social Equity – Human Services, Reimagining Community Safety Task Force, & DEI Officer
 - Affordable Housing – AHDR & Affordable Housing bonds

Budget Drivers

- Rate of Growth in Tax Base
- Impact of Inflation
- Budget Balancing
- Enterprise Funds



Expenditures vs Tax Base - Rate of Growth



Balancing Growth in Property Tax Base

Tax Rate*:

	FY09	FY10 **	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 **	FY19	FY20	FY21	FY 22 ***
General Fund	42.3	36.0	36.0	37.8	37.8	38.8	38.8	38.8	38.8	37.6	38.6	38.6	38.6	37.2
Debt Fund	11.0	9.3	9.3	7.5	7.5	7.5	8.5	8.5	8.5	8.2	8.2	9.8	9.8	8.8
Transit Fund	4.8	4.1	4.1	4.1	4.1	5.1	5.1	5.1	5.1	5.0	6.0	6.0	6.0	5.4
Total	58.1	49.4	49.4	49.4	49.4	51.4	52.4	52.4	52.4	50.8	52.8	54.4	54.4	51.4

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

** FY 2018 & FY 2010 tax rates were the revenue neutral rate

*** FY 2022 revaluation did not roll back to revenue neutral – rolled back three cents

Total Tax Bill

Total Tax Bill

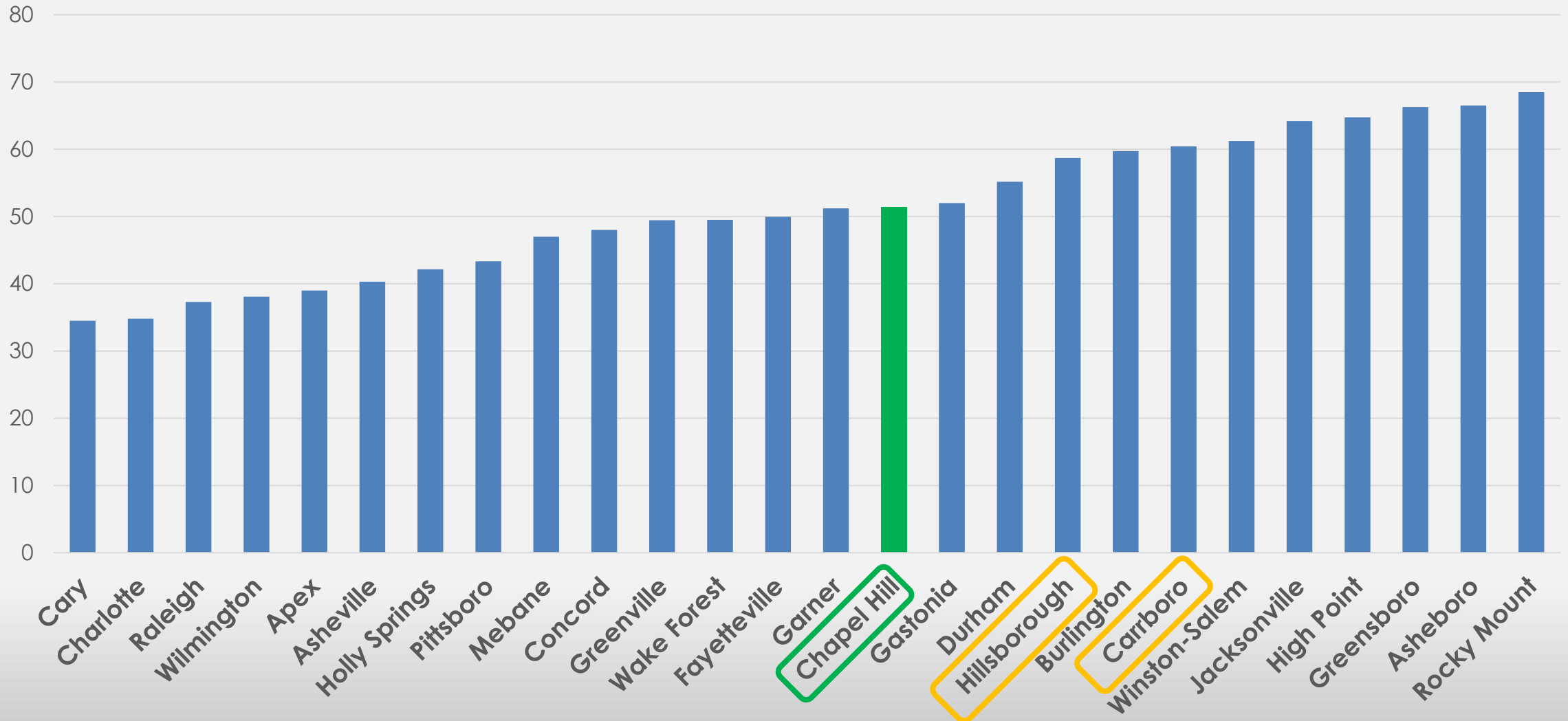
	FY09	FY10 **	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 **	FY19	FY20	FY21	FY22 ***
Chapel Hill	58.1	49.4	49.4	49.4	49.4	51.4	52.4	52.4	52.4	50.8	52.8	54.4	54.4	51.4
Orange County	100.3	85.8	85.8	85.8	85.8	85.8	85.8	87.8	87.8	83.77	85.04	86.79	86.79	81.87
CHCSS	23.0	18.84	18.84	18.84	18.84	20.84	20.84	20.84	20.84	20.18	20.18	20.18	20.18	18.3
Total	181.4	154.04	154.04	154.04	154.04	158.04	159.04	161.04	161.04	154.75	158.02	161.37	161.37	151.57

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

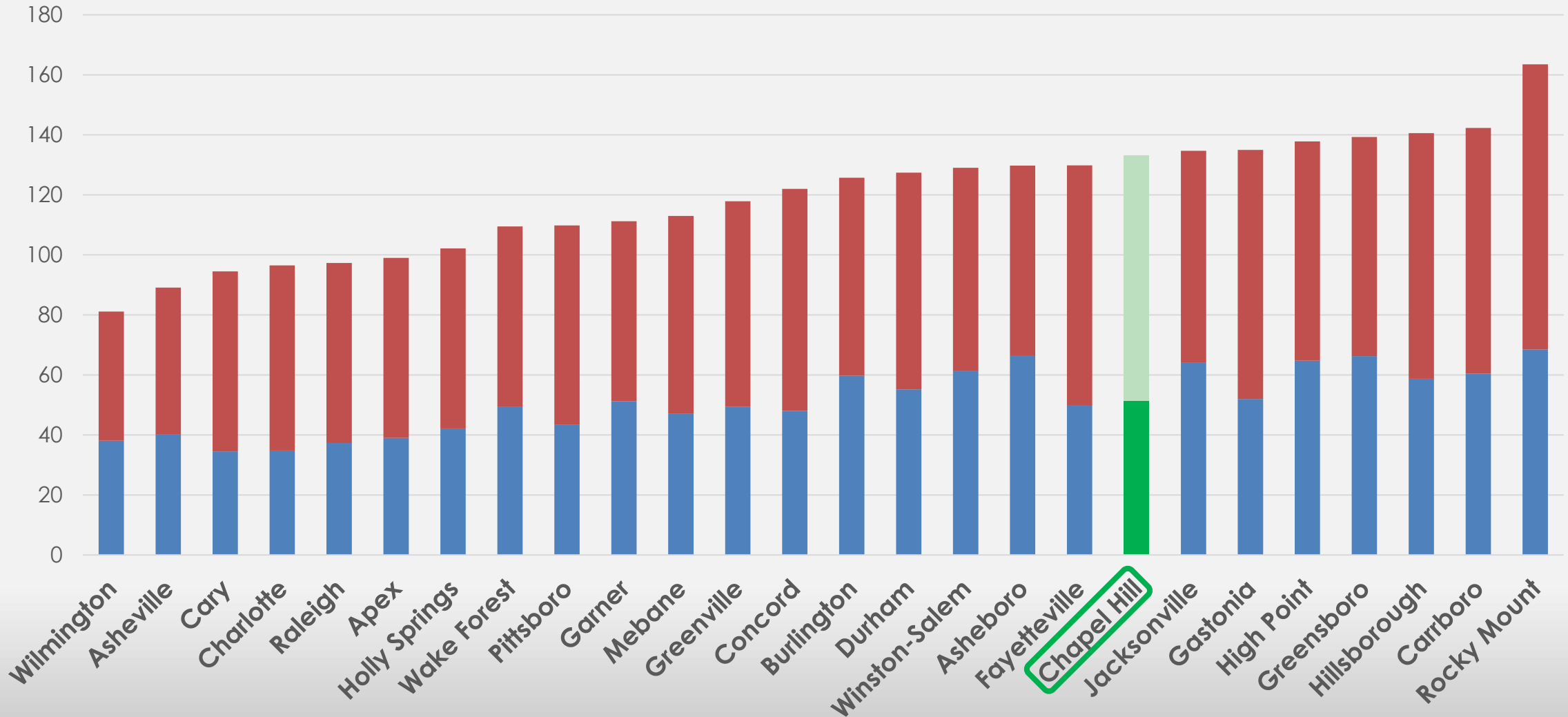
** FY 2018 & FY 2010 tax rates were the revenue neutral rate

*** FY 2022 revaluation (effective January 1, 2021)

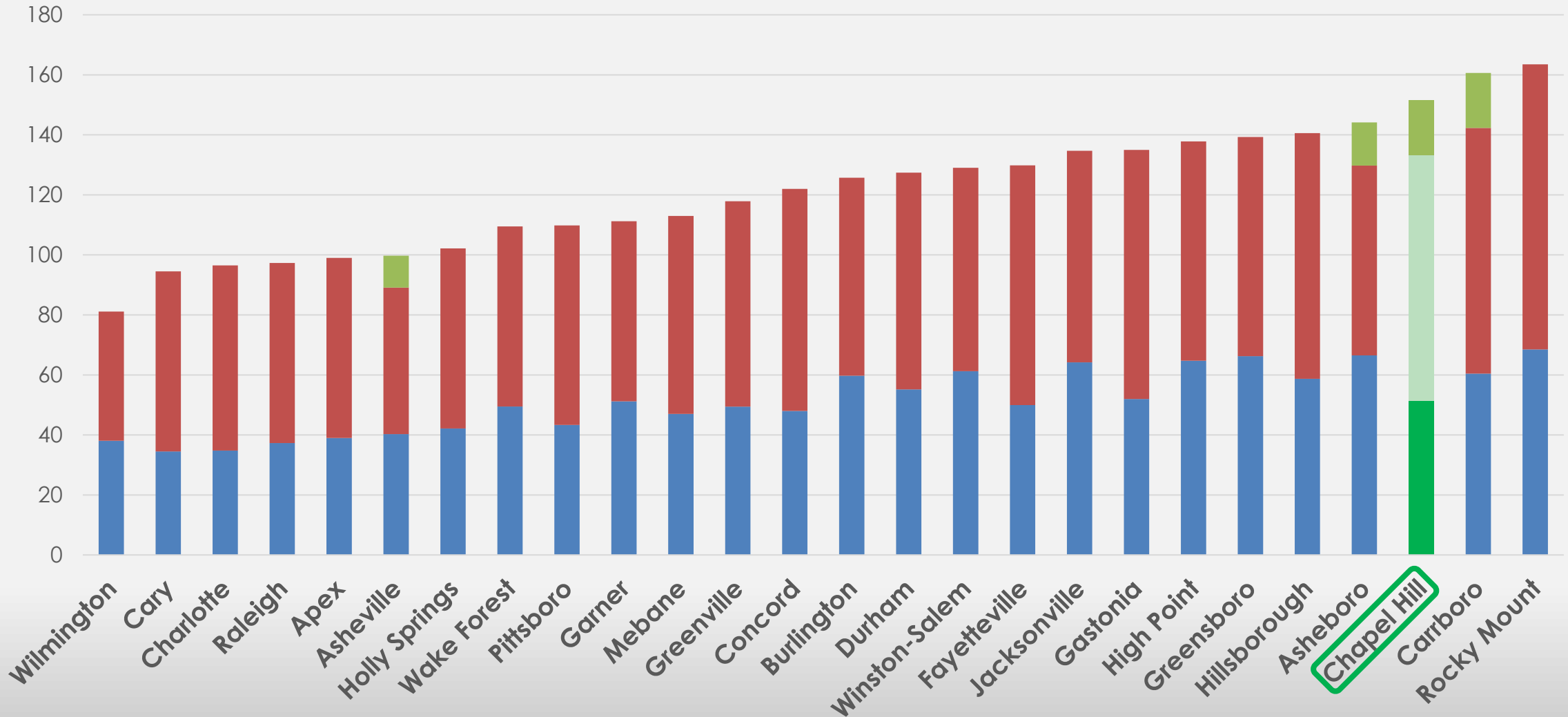
Tax Rate Comparisons – Town Only



Tax Rate Comparisons – Town & County



Tax Rate Comparisons – Town, County, Schools



It Takes A Lot To Move The Needle

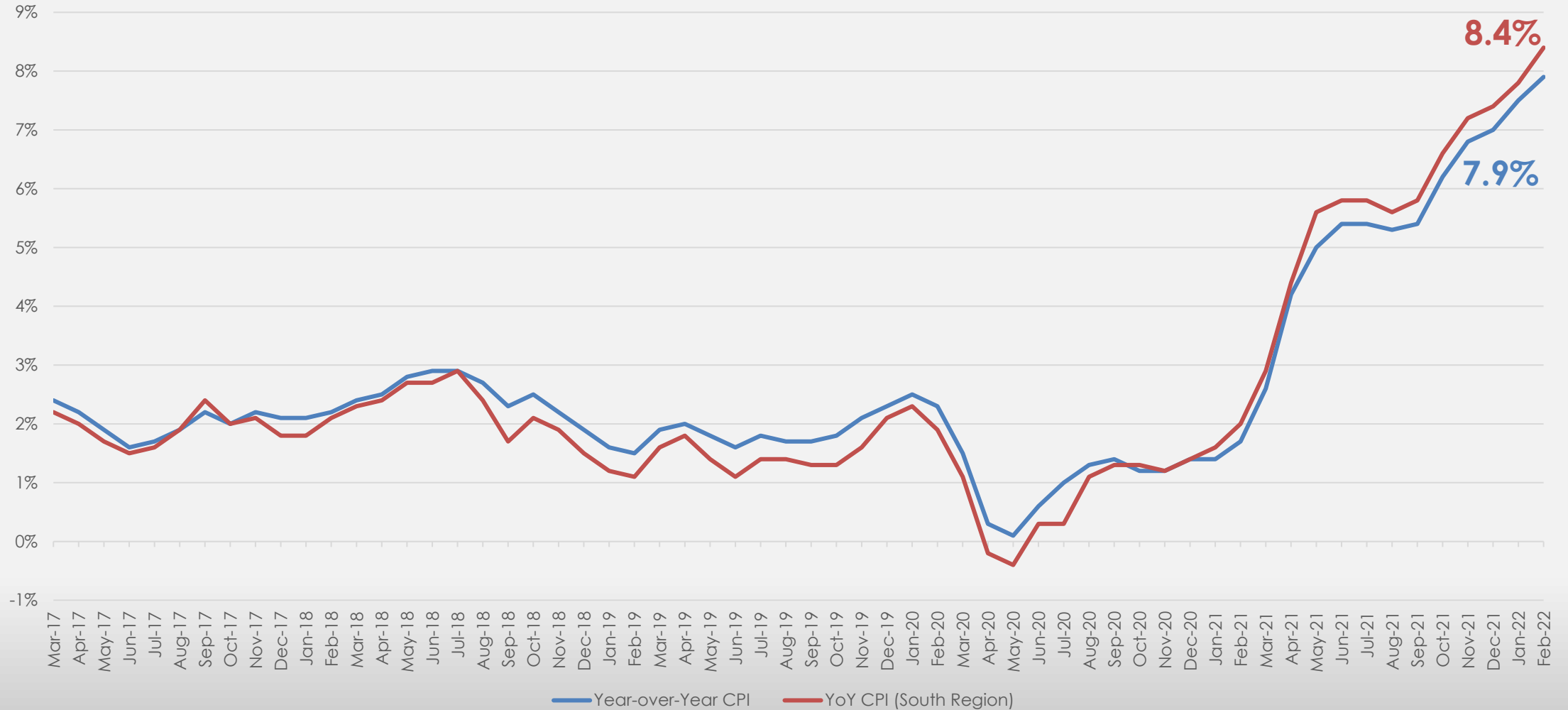


- **\$1 million added** to the tax base generates \$5,140 in tax revenue
- **1% added (\$94 million)** to the tax base generates the following tax revenue:

General Fund (37.2)	\$ 349,680
Debt Fund (8.8)	82,720
Transit Fund* (5.4)	<u>50,760</u>
	\$ 483,160

** Transit fund revenues are dedicated to paying for the Transit System*

5 Year Consumer Price Index Year-over-Year Data



Impact of Inflation

Personnel – cost of living wage adjustments

Operations – fuel, supplies, materials, services

Capital – construction costs





Budget Balancing – Core Services



Increased cost of carrying out services



Maintenance



Streets



Vehicle Replacements



Pay-Go Capital

Budget Balancing – New Initiatives

- Affordable Housing Development Reserve
- Climate Action Plan
- Economic Development
- Diversity, Equity & Inclusion



Town's
Enterprise
Funds



Enterprise Funds

- Government-owned fund that sells goods and services to the public
- Intent of government is for costs of providing services to be covered primarily through user charges
- Government may subsidize a portion of activity
- Accounts for activities similar to those found in the private sector

Enterprise Funds

- **Transit:**

- Funding partner model
- Federal & State funding levels
- Bus Replacement Needs

- **Parking:**

- Parking demand
- Debt service
- Fund balance

- **Housing:**

- Federal funding level
- Redevelopment of Trinity Ct
- Aging housing units

- **Stormwater:**

- Stormwater fee
- GO bond issuance
- Future capital needs
- Weather resiliency

**Moving
Forward with
the 5-Year
Budget
Strategy**



Moving Forward with the 5-Year Budget Plan

Council identified interests:

- Connecting strategic work plans and budget decisions
- Increasing ability of departments to meet operational needs
- Promoting environmental resiliency
- Restoring pay-go capital and vehicle replacement programs
- Expanding building maintenance and street paving programs
- Sustaining enterprise funds

Maintain priorities:

- Promoting environmental resiliency
- Restoring pay-go capital and vehicle replacement programs
- Expanding building maintenance and street paving programs
- Sustaining enterprise funds

Additional emphasis

- Community resiliency: environmental, economic recovery, housing, social equity, community safety

Discuss funding options

- Fees, cost recovery, service reduction, post-revaluation tax rate

FY 2022-23 Forecasting



FY 2022-23 Revenue Projections

Revenue Source	Adopted FY 21-22	Estimated FY 21-22	Recommended FY 22-23
Property Taxes	\$ 35,147,500	\$ 35,208,500	\$ 35,828,500
Sales Taxes	16,560,488	18,745,303	19,682,673
Other Taxes	828,500	1,087,000	1,087,000
State Shared Revenues	7,717,442	7,732,554	7,864,098
Charges for Services	4,255,852	4,251,420	4,531,417
Licenses & Permits	2,850,100	3,093,276	2,410,200
Grants	681,997	694,102	687,997
Other Revenues	467,900	603,104	419,100
Approp. Fund Balance	2,510,221	0	2,500,000
Total	\$ 71,020,000	\$ 71,915,259	\$ 75,010,985

Expenditure Considerations

- Implementation of Phase I of class & comp study
- Cost of living adjustment (COLA)/Phase II of class & comp study
- Living wage adjustment
- Healthcare cost increases
- Retirement increases
- Vacancies/Employee retention
- Capital investments
- Deferred maintenance
- Affordable housing

Budget Timeline



Council Priorities for FY 2023 Budget?