

FY 2026-27

Recommended Budget

Public Hearing

May 20, 2026

Recommended Budget

\$169.7 M

3.4% ↑

\$100 M

General Fund

\$69.7 M

Enterprise, Debt,
Capital, and other funds

No recommended
FY27 tax increase.

Property Tax Rate

\$0.50 per \$100 valuation

Council Goals

- We're operationalizing **Complete Community** through adopted plans and funded projects.
- We're continuing to leverage innovative approaches to funding you housing goals.
- We're continuing to seek ways to advance your **environmental goals**, amidst uncertain federal funding.
- Our work is guided by a 5-year funding outlook that is helping move towards **fiscal sustainability**.

General Fund Revenue Highlights

- Property tax revenue is up by \$3.5 million (6.9%); increase driven by overestimation of revaluation appeals
- Sales tax revenue projected growth of \$1.7 million (3%); increase driven by higher prices and more spending
- Appropriated fund balance reduction of \$500,000 (50%); best practice for long-term financial sustainability
- Other revenue categories remain stable with minimal change year over year.

Investing in Employees

- Retirement contribution increase
- Medical Insurance increase
- Pay Study implementation for Fire
- Skills based pay adjustment for Inspectors
- 4% of Market Pay increase
- Three New Positions

Investing in 5-Year Budget Priorities:

- +\$250,000 for Facility Maintenance
- +\$250,000 for Street Maintenance
- +\$250,000 for Vehicle Replacements
- +\$500,000 for Fire Capital

Continued Organizational Investments in:

- Affordable Housing
- Climate Action
- Everywhere 2 Everywhere (greenways)
- Outside Agency Funding

Advancing Efficiency and Innovation

- Developing in-house capacity to complete additional greenway segments
- Implementing innovative approaches to Complete Community
- Maximizing external grants to leverage local dollars
- Modernizing internal systems and processes

Enterprise Funds

Transit

- 1% decrease in overall budget
- Increase in partner contributions
- Decrease in interest & 420 route

Parking

- 1% decrease in overall budget
- Adjustments to parking revenues
- Includes transfer from debt fund

Enterprise Funds

Housing

- 4% increase in overall budget
- Cost of doing business increases
- Fund balance appropriation

Stormwater

- 23% increase in overall budget
- \$8.79 per ERU increase (avg 2 ERU)
- Inventory mapping per NPDES

County Library Contribution

- Current funding allocation is \$621,323
- Orange County has proposed a two year strategy to eliminate their funding for the Chapel Hill Public Library
- Proposed reduction of \$310,661.50 in FY 2027
- Town approaching issue with advocacy to restore funding
- Currently, evaluating mix of revenue and expenditure adjustments to make up funding gap

In Summary

This budget:

- Maintains the current property tax rate with no increase
- Advances Council's priorities in Complete Community, housing affordability, climate action and greenway expansion
- Advances 5-year priority area funding levels
- Makes workforce investments in market pay, benefits, and three new positions
- Reduces our reliance on budgeting fund balance
- Positions the Town on a path toward long-term fiscal sustainability