

# **FY 2025 BUDGET DEVELOPMENT UPDATE**



Council Work Session  
April 15, 2024

DRAFT

# AGENDA

1. Council Interests
2. Five-Year Strategy
3. FY25 Budget Update
4. Budget Timeline

DRAFT

## **We will recommend....**

- 1.5 cent property tax increase for General Fund
- 0.5 cent tax increase for the Transit Fund
- Competitive Cost of Living Adjustment for employees
- Increased funding to some community partners
- Additional funding for Affordable Housing Development Reserve

DRAFT

# The annual impact on taxpayers...

<b>Property Valuation</b>	<b>Impact of 2 cents</b>
\$ 250,000	\$ 50
\$ 500,000	\$ 100
\$ 750,000	\$ 150
\$ 1,000,000	\$ 200

\$ 13,000,000	\$ 2,600
\$ 64,000,000	\$ 12,800

- 1.5 cents for General Fund
- 0.5 cents for Transit Fund



# Council Interests

DRAFT

## **Align Budget with Needs, Goals, Priorities**

---

- Ensure the excellence of our core services and essential business functions
- Align practices with current best practices and emerging trends
- Advance Council priorities and major initiatives effectively

■ Council Interests

DRAFT

## Here's How We Build the Recommended Budget.

1. Department personnel & operating budgets
2. Cost of living increase
3. Cost increases in utilities, fuel, vehicle maintenance, technology
4. Council priorities and community partner requests
5. Department budget adds for program expansions/additions

■ Council Interests

DRAFT

# Good Stewardship of Public Funds

- Manager vs Council authority
- Understand how earmarked allocations such as “Penny for \_\_\_\_\_” are being spent
- Ensure efficiency across the organization, especially by leveraging technology
- Maximize state, federal, and outside grant funding

■ Council Interests

DRAFT



## **We Take Stewardship Seriously.**

- Strong policies, best practices, great ratings
- Council approves every penny – and we keep track of them all
- We are leveraging technology for efficiency across the organization – and we are a people-driven, people-serving organization
- We are good at getting grants – and administering grants takes capacity

■ Council Interests

DRAFT

# Council Initiatives, especially Complete Community

- Support policy-based, data-driven decision making
- Communicate progress towards goals, share successes
- Implement Complete Community in a holistic, proactive, and entrepreneurial manner

■ Council Interests

DRAFT

## **We are committed to advancing Council goals.**

- Recently filled data analytics position in Business Management
- Staff cohort recently trained in Results-Based Accountability
- New website, engagement platform will increase ability to share dashboards, interactive maps, and engage community
- Multiple staff across several departments focused on implementing Complete Community

■ Council Interests

THE  
WAY  
DOWN

## **Sustainable, Predictable Budgeting**

- Appropriately plan for aging assets such as fleet and equipment
- Appropriate schedules for infrastructure maintenance, such as stormwater and streets
- Build in cost of maintenance and upkeep into new facilities projects

■ Council Interests

DRAFT

## **We do our best to plan ahead.**

- Annual Business Plan asks departments to communicate needs for staff, operations, maintenance, etc.
- Five Year Budget Strategy articulates backlogs and big rocks ahead.
- Economic conditions and influences are often not predictable

■ Council Interests

DRAFT

# **Five-Year Budget Strategy**

**DRAFT**

## **Purpose of Five-Year Strategy**

- Keep Council continuously informed and up-to-date on trends and priorities that impact fiscal planning and future spending allocations.
- By understanding the “big rocks” ahead, there should be greater predictability, transparency, and fiscal sustainability.

## Evolution of Five-Year Strategy

- First iteration focused on catching up on significant backlog of core business needs
- Next iteration will be an ongoing, continually updated five-year forecast of known needs
- Economic conditions and operational needs change, so it's not a crystal ball and not set in stone

DRAFT



# Five-Year Strategy: FY25 General Fund Proposal

	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026 *</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Staffing</b>	1,850,000	No new \$	300,000	400,000	500,000
<b>Operations</b>	250,000	500,000	500,000	500,000	500,000
<b>Facilities/Streets</b>	250,000	500,000	250,000	250,000	250,000
<b>Fleet</b>	750,000	500,000	250,000	250,000	250,000
<b>Parks Capital</b>	971,000	No new \$	18,000	18,000	18,000
<b>Fire Capital</b>	250,000	No new \$	250,000	250,000	47,000
<b>Aff Housing</b>	282,605	No new \$	18,000	18,000	18,000
<b>Greenways</b>	500,000	No new \$	No new \$	No new \$	No new \$
<b>TOTAL</b>	<b>5,103,605</b>	<b>1,500,000</b>	<b>1,586,000</b>	<b>1,686,000</b>	<b>1,583,000</b>
<b>Proposed Scenario</b>	<b>5.00 cents</b>	<b>1.50 cents</b>	<b>1.50 cents</b>	<b>1.50 cents</b>	<b>1.50 cents</b>

# How we handle revaluation will impact our revenues.

- Revaluation will likely see big property value changes that could have **a huge positive impact on our budget.**
- Opportunity to realize some of the natural growth from the revaluation **if we do not roll back to revenue neutral tax rate.**

# **FY 2025 Budget Update**

**DRAFT**

**Property tax growth is minimal – but not as bad as we thought.**

- It takes a lot of new development to move the needle just a little.
- Lack of growth impacts our ability to balance our budget.
- **Updated projections for property tax revenues show 1.3% growth (up from 0.9%).**

**Sales tax is down across the state – but current year estimates aren't quite as bad.**

- The NC retail economy has slowed down.
- FY25 sales tax projections are still at 4% over prior year (down from 6-12%)
- **FY24 actuals are at 6% (up from 4% projected) which positively impacts next year's budget.**

■ FY 25 Update

DRAFT

**The cost of doing business goes up every year – and continues to do so.**

- While inflation is starting to stabilize, costs are still high.
- Departments absorb cost increases by making cuts elsewhere in their budgets.
- **Departments are seeing an increase of 3-5% for their day-to-day operations, with tech increases at 5–7%.**

**We value our partners - and we should periodically review agreements.**

- Community Home Trust\* \$110,642
- Interfaith Council\*\* \$7,974
- Partnership to End Homelessness\*\* \$123,876

*\*Contractual obligation to fund*

*\*\*Increasing funding commitment*

■ FY 25 Update

**Things are a little better for General Fund than we thought – but not enough to meet our needs.**

- Natural tax growth **is enough** to cover the cost of COLAs for employees.
- Natural tax growth is **not enough** to cover cost of doing business increases.
- We still have a **significant backlog** of critical needs and we need to continue with 5-year strategy.

THE  
BRAIN  
D



**It's time for  
the Transit  
fund to get a  
funding boost  
– beyond bus  
purchases.**

- Experiencing significant inflationary costs for parts, materials, supplies
- Highly competitive market across the Triangle for transit operators.
- Two recent tax increases were for bus purchases, not other cost increases.

DRAFT

**We have  
close to  
3 Pennies  
for  
Affordable  
Housing in  
2025.**

Local Funding	\$1,298,502
CDBG	\$ 341,250
Partner Initiatives	\$1,103,959
Property Tax Relief	\$ 100,000
<hr/>	
Total	\$2,843,711

■ FY 25 Update

# Budget Timeline

DRAFT

# FY25 Proposed Budget Schedule

---

**MAY**  
**1**

**Manager's  
Recommended  
Budget**

**MAY**  
**8**

**Work  
Session**

**MAY**  
**15**

**Public  
Hearing**

**JUNE**  
**5**

**Council  
Vote**

DRAFT

**We'd like  
your  
feedback  
on...**

- 1.5 cent tax increase for the General Fund
- Competitive COLA for employees
- 0.5 cent tax increase for the Transit fund
- Community partner funding approach
- Affordable Housing funding

DRAFT