FY 2025 BUDGET DEVELOPMENT UPDATE

Council Work Session April 15, 2024

AGENDA

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

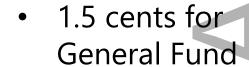
We will recommend....

- 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

The annual impact on taxpayers...

roperty aluation	Impact of 2 cents		
\$ 250,000	\$	50	
\$ 500,000	\$	100	
\$ 750,000	\$	150	
\$ 1,000,000	\$	200	

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



 0.5 cents for Transit Fund

Council Interests

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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

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

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

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, peopleserving organization
- We are good at getting grants and administering grants takes capacity

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

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



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

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

Five-Year Budget Strategy



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

Five-Year Strategy: FY25 General Fund Proposal

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

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

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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.

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**
- Partnership to End Homelessness**

\$123,876

\$7,974

*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.

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 increased were for bus purchases, not other cost increases.

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

Total \$2,843,711

FY 25 Update

Budget Timeline

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FY25 Proposed Budget Schedule

MAY 1

Manager's Recommended Budget MAY 8

Work Session

MAY 15

Public Hearing

JUNE 5

Council Vote

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