

FY 2026 BUDGET PUBLIC HEARING



Town Council Business Meeting
May 21, 2025

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AGENDA

1. Budget Highlights
2. 5-Year Budget Focus Areas
3. Other scenarios
4. Public Comment

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BUDGET HIGHLIGHTS

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BUDGET HIGHLIGHTS

- Total budget = \$163,672,372
- 4% increase from prior year
- Property tax rate of 50.0 cents
- 5.8 cents over revenue neutral tax rate
- 5% pay increase
- \$1,517,000 for operating budget focus areas

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BREAKDOWN OF REVENUE NEUTRAL PLUS 5.8 CENTS

Revenue Neutral tax rate	44.2
+ Reduction in fund balance appropriation	1.2
+ Status quo operating increases	0.9
+ Employee pay/benefit increases	2.2
+ 5-year budget outlook allocations	1.2
+ Transit pay/capital increase	<u>0.3</u>
Manager's Recommended tax rate	50.0

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WHAT'S THE IMPACT OF THE 5.8 CENTS OVER REVENUE NEUTRAL ON TAXPAYERS?

Property Valuation	Annual Impact
\$ 250,000	\$ 145
\$ 500,000	\$ 290
\$ 750,000	\$ 435
\$ 1,000,000	\$ 580
\$ 5,000,000	\$ 2,900
\$ 10,000,000	\$ 5,800

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GENERAL FUND REVENUES

Revenue Source	Adopted FY2024-25	Estimated FY2024-25	Recommended FY2025-26
Property Taxes	\$ 42,835,000	\$ 42,944,985	\$ 50,530,000
Sales Taxes	22,993,152	21,528,427	21,528,427
Other Taxes	1,800,000	1,855,040	1,850,000
State Shared Revenues	8,313,708	8,913,636	8,927,339
Charges for Services	5,616,827	5,965,448	6,173,959
Licenses & Permits	3,462,693	2,830,626	2,920,230
Grants	749,862	787,620	750,083
Interest	750,000	1,144,560	750,000
Other Revenues	466,100	528,364	452,962
Appropriated Fund Balance	2,485,658	0	1,000,000
Total	\$ 89,473,000	\$ 86,498,706	\$ 94,883,000

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ENTERPRISE FUNDS HIGHLIGHTS



TRANSIT

- 0.5% decrease in overall budget
- 0.3 cent tax increase; UNC & Carrboro proportional increases to match partner split
- No fund balance appropriated



PARKING

- 18.4% increase in overall budget
- Larger transfer from Debt Fund for debt service on Rosemary Parking Deck.

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ENTERPRISE FUNDS HIGHLIGHTS



STORM WATER

- 13.1% increase in overall budget
- \$5.30 per ERU stormwater fee increase proposed for issuance of G.O. bonds & a new position to help implement NPDES permit requirements



HOUSING

- 0.7% increase in overall budget
- One time \$138,924 fund balance appropriation for additional property repairs

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5-YEAR BUDGET FOCUS AREAS

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BUDGET PRIORITIES

- Responding to the current environment.
- Recruiting and retaining excellent employees.
- Providing high quality core service to residents.
- Stewardship of facilities, fleet, and infrastructure.
- Continuing our commitment to affordable housing, climate action, everywhere to everywhere, and other strategic priority areas.

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General Fund Five-Year Outlook: FY26 – FY 30

	Sustainable \$ Need	FY 2026*	FY 2027	FY 2028	FY 2029	FY 2030*
Staffing		404,000	250,000	250,000	250,000	250,000
Operations		414,000	500,000	500,000	500,000	500,000
Facilities***	810,000	150,000	250,000	250,000	160,000	No new \$
Streets	3,980,000	150,000	500,000	500,000	500,000	500,000
Fleet***	1,200,000	150,000	250,000	250,000	250,000	300,000
Fire Capital***	1,250,000	250,000	250,000	250,000	250,000	No new \$
TOTAL	7,240,000	1,517,000	2,000,000	2,000,000	1,910,000	1,550,000
Proposed Scenario**		RN + 5.5 cents	1.50 cents	1.50 cents	1.50 cents	1.25 cents

* Revaluation years

** Additional revenues which could come from property tax growth, property tax increase, sales tax rebounding, etc.

*** With this model, sustainable funding goals are met in FY 2029 for fire capital and facilities and in FY 2030 for fleet.

OTHER SCENARIOS

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POSSIBLE REDUCTIONS TO THE RECOMMENDED BUDGET

Under Construction

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POSSIBLE ADDITIONS TO THE RECOMMENDED BUDGET

Under Construction

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IN SUMMARY...

&

PUBLIC COMMENTS

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IN SUMMARY...

This budget:

- Provides resiliency to handle an unpredictable future
- Covers the significant decline in sales tax revenues
- Reduces the Town's reliance on fund balance
- Continues funding the priorities in the 5-year budget strategy & the Complete Community Framework
- Addresses the increased costs to carry out the services provided by Transit

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FY26 Proposed Budget Schedule

**MAY
21**

**Public
Hearing**

**JUNE
11**

**Council
Vote**

2025-26 Budget Development Page

www.townofchapelhill.org/budget

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