



05-07-2025 Town Council Meeting Responses to Council Questions

ITEM #7: Presentation: Recommended Budget for FY 2025-26

Council Question:

Why are investment earnings dramatically higher the past two years?

Staff Response:

Investment earnings are up for two reasons. The first is that overall, interest rates on investments have been incredibly high the last two years compared to previous years (although they are starting to come back down. The second is that when looking at all governmental funds, bond funds will be included and we had two issuances in the last two years – 2023 general obligation bonds and 2024 limited obligation bonds and therefore additional dollars were in the bank and generating interest.

Council Question:

Why are charges for services down in transit?

Staff Response:

The majority of the decrease in charges for services over the last 5 years is the result of changes in the Tarheel Express revenues. Transit put a hold on collecting Tarheel Express fares in FY 2023 and FY 2024 due to staffing shortages. They have resumed collections in FY 2025. Between FY 2021 – FY 2022, Tarheel Express revenues were down because of the pandemic.

Council Question:

Why is parking revenue up only 7.5% since 2015?

Staff Response:

Parking volume between 2015 – 2024 was fairly consistent. There were no significant changes in the number of parking spaces available. The marginal increase over the 10 years would be due to increases made to the parking fees.

In FY 2025, parking volume changed with the opening of the new deck.

Council Question:

Can stormwater (or other) fees be progressive? Or like taxes, can't be?

Staff Response:

No taxes can be progressive - stormwater has to be charged per ERU (equivalent rate unit - which is an amount of impervious surface on a lot).

Council Question:

Are there other services for which we could charge fees for more privileged folks?

Staff Response:

We do target a lot of fees to the people who benefit from them (development applications) and we waive some fees (affordable housing applications, parks and rec program fees are progressive etc.)



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ITEM #7: Presentation: Recommended Budget for FY 2025-26 (Cont'd)

Council Question:

It looks like most of the personnel additions are due to an increase in Building and Development in 2023 (net of +8 vs 2016). Can you help us understand the ROI on net new positions over the last ten years?

Staff Response:

Up until FY 2023, Building & Development Services was housed in the Police Department. There was no FTE increase, BDS was split out of the PD and formed into its own department.

Council Question:

Can you provide an update on OPEB?

Staff Response:

Local governments are required to report a liability for future other postemployment benefits (OPEB) in our financial statements.

To help decrease this liability, the Town has made several changes throughout the year to our retiree healthcare benefit.

In FY 2010, the Town changed from a defined benefit plan to a defined contribution plan (Town contributes \$35/paycheck and employee contributes 1% of their pay) for all new employees hired after July 1, 2010.

- In FY 2010, the Town began setting aside funding in the budget to contribute towards reducing the future retiree healthcare liability.*
- In FY 2016, the Town changed our retiree coverage to be a secondary provider after Medicare as opposed to being the primary provider.*
- In FY 2017, the Town created an OPEB trust to hold the funds the Town is setting aside towards reducing the future retiree healthcare liability.*
- In FY 2021, the State passed a bill (after being petitioned for several years by the Town) that extends the Town's investment authority for the OPEB trust funds.*

For the last several years, the Town has allocated \$454,700 between the Town's General Fund and enterprise funds to place in the OPEB trust.

As of June 30, 2024, the Town's OPEB liability was \$39,119,276 (at its highest it was about \$64 million) and there was \$8,639,705 sitting in our trust for a net OPEB liability of \$30,479,571.



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ITEM #7: Presentation: Recommended Budget for FY 2025-26 (Cont'd)

Council Question:

Can you show me the vacancy and attrition rates by year for as far back as you can go (ideally at least ten years)?

Staff Response:

Human Resources was able to provide 6 years of data tied to the Town's turnover rate.

Calendar Year	Retirements	Termination	Resignations	Deceased	Total	Budgeted Positions	Turnover Rate
2019	21	8	62	1	92	770.13	11.95%
2020	19	5	41	2	67	771.93	8.68%
2021	35	2	71	1	109	771.93	14.12%
2022	25	7	67	1	100	762.45	13.12%
2023	19	9	75	1	104	768.45	13.53%
2024	16	4	70	0	90	780.45	11.53%

Council Question:

What is the timeline of the budget? I know we pay our taxes due Jan 1, but our budget starts July 1.... How does that work, if we raise taxes, but don't get the money until Jan? I guess it's an "it all comes out in the wash" kind of situation?

Staff Response:

We calculate what we'll receive and spend during the fiscal year. We'll receive the 2026 taxes between September and January (an influx of cash, if you will) so we use fund balance until the taxes come in. That's part of why we keep a fund balance.

Council Question:

Is the Complete Community funding just a continuation of last year's amount? It was a big number, but it wasn't a +\$X description...

Staff Response:

You are correct - it's a continuation, not more money.