

### **ITEM #6: FY 2025 Excess Fund Balance Appropriation Proposal**

**Council Question:**

What are other options and how do they relate to the criteria and interests that council discussed previously?

**Staff Response:**

*The staff recommendation aligns with the criteria previously set out for guiding the use of excess fund balance. Those include prioritizing:*

- *One time funding needs*
- *Projects with a current and unfunded demand*
- *Opportunities with the greatest near-term impact*
- *Strong alignment with organizational needs and Council priorities*

*When evaluated against these criteria, the recommended approach represents the most direct and timely way to address pressing one-time needs that cannot be supported within existing recurring revenues.*

*Other options could have included investments in any of the major priority areas such as facilities, fleet, or streets. These categories remain vitally important, but they are also areas where the Town is making steady progress through the annual budget process. Sustainable long-term support for these functions is best achieved through dedicated, ongoing revenues rather than one-time funds.*

*Staff also considered departmental budget add requests, however, most of these requests fund ongoing needs.*

*Finally, we excluded enterprise fund needs and priorities from consideration, as those are best supported through the revenues generated within their respective functional areas.*

**Council Question:**

For the Greene tract, if we hadn't had fund balance surplus, would we have reneged on our 43% commitment?

**Staff Response:**

*The MOU the Town entered into in 2021 affirms the Town's commitment to funding our 43% share of the work associated with the Greene Tract.*

*Orange County moved forward with procuring the market and financial feasibility analysis completed by the Development Finance Initiative, the geotechnical study, and the site planning work with the understanding that the Town would fulfill this commitment. However, the Town's standard procurement processes were not followed, and no funds had been identified in advance to support the Town's share of these expenses. If excess fund balance had not been available to meet this obligation, the Town would still have been responsible for honoring this commitment. In that scenario, staff would have needed to identify an alternative funding source within the existing budget, most likely by reallocating funds currently designated for the ongoing LUMO work.*

### **ITEM #6: FY 2025 Excess Fund Balance Appropriation Proposal (Cont'd)**

**Council Question:**

Does the money going to parking include paying for the parking study? And when will that be done?

**Staff Response:**

*Yes, funding for the parking study is included as part of the overall parking fund expenditures. The study is considered an investment in long-term financial sustainability and operational planning.*

*Staff anticipates:*

- *Study initiation: Q3 2026*
- *Data collection and analysis period: Q3/Q4 2026*
- *Preliminary findings shared with Council: Q4 2026*
- *Final recommendations presented to council: Q4 2026/Q1 2027*

**Council Question:**

We have had a strategy for having a mix and control over a certain amount of parking downtown to encourage shared parking, enable walkability and achieve other town interests. If there is a change in our thinking about our parking strategy, when and how does that come back to council for discussion?

**Staff Response:**

*Our current approach remains consistent with Council's previously supported strategy of maintaining a mix of publicly controlled parking to support shared use, walkability, and downtown economic vitality.*

*If the comprehensive study suggests adjustments to that strategy, whether related to ownership mix, pricing structure, lease agreements, or operational models, those recommendations will be brought back to Council in a structured way, such as a formal presentation of study findings, staff recommendations, and opportunity for Council discussion and direction. In short, any shift in parking philosophy or strategy would return to Council prior to implementation.*

**Council Question:**

Would enacting some of the outlined ideas for the parking fund such as passing on credit card fees, and not losing money on leases, free up any of this money to go to something else?

**Staff Response:**

*Yes, implementing those types of operational adjustments are intended to reduce the structural deficit in the parking fund. Examples of these efforts include:*

- *Passing along credit card processing fees to reduce operating costs*
- *Renegotiating or phasing out leases that cost more than they generate*
- *Adjusting the mix of leased versus hourly parking*
- *Increasing utilization of Town-owned facilities*

*These actions are designed to stabilize the parking fund first. Once the fund is on a more sustainable path, any additional revenue or cost savings could help reduce pressure on the General Fund and Debt Fund and potentially provide greater flexibility in how resources are allocated.*

*In short, while these measures may create efficiencies, the immediate priority is ensuring the parking system becomes financially self-supporting.*

### **ITEM #6: FY 2025 Excess Fund Balance Appropriation Proposal (Cont'd)**

#### **Council Question:**

Right now, how are we managing the parking fund and tracking information? What is the parking study intended to show us?

#### **Staff Response:**

*Currently, the parking fund is being managed through standard financial tracking including:*

- *Revenue from decks, lots, and on-street parking*
- *Lease agreement costs and returns*
- *Operating expenses (maintenance, staffing, technology, etc.)*
- *Debt service obligations related to parking infrastructure*

*We are closely monitoring trends such as utilization, duration of stay, peak demand, and revenue by facility.*

*The parking study is intended to provide a comprehensive, data-driven analysis that will:*

- *Evaluate current utilization across decks, lots, and on-street parking*
- *Assess pricing structures and elasticity*
- *Identify opportunities to right-size operations*
- *Examine lease agreements and financial performance*
- *Provide projections for demand based on downtown growth and hybrid work patterns*
- *Offer recommendations to improve long-term sustainability of the parking fund*

*Ultimately, the study gives us a roadmap to move the parking fund toward greater financial stability while supporting broader Town goals.*

#### **Council Question:**

Could you please provide additional big picture context about fire department capital needs, fuller information about the fleet replacement schedule, and insights into whether we are sized up/sizing up for future growth and density?

#### **Staff Response:**

*As with most of our priority funding areas, the backlog of fire capital needs far outweighs the annual allocation that is needed for us to be sustainable.*

*The Fire department has focused on purchasing items to enhance service and the safety of our firefighters. In 2025, we were able to purchase an SCBA fill station. The current air-filling device had failed the health and safety standards for air consumption several times and had to be taken out of service. The unit had been used at Chapel Hill Fire since the late 80's. In addition to items like this, funding for our fleet, design costs for a training center, additional costs for designs for Fire Station 3 and 4, furniture for Fire Station 3 and 4, self-contained breathing apparatus (SCBA), and water rescue equipment are all needed.*

*With the anticipated increase in the capital line from \$500,000 to \$1 million, we will be able to meet several needs, but similar to every other priority area, a backlog will still exist until additional funding is awarded and we are able to catch up on funding needs.*

*(Continued on next page.)*

### **ITEM #6: FY 2025 Excess Fund Balance Appropriation Proposal (Cont'd)**

#### ***Staff Response: (Cont'd)***

*Our large fleet vehicles have improved. We were able to place two new engines in service in 2023. Since then, we have purchased a ladder truck and two additional engines. We are expecting our ladder truck to arrive in September 2026. Our additional engines will arrive in early 2027. When these units are placed in service, we still need to move forward with the purchase of another ladder and a rescue apparatus due to them exceeding their life replacement cycle per the National Fire Protection Association recommendation. The repairs for these two apparatuses are growing year-over-year. We currently rely on New Hope, Durham, and/or Carrboro to provide us with fire engines due to the lack of reserves and extended repair time when we have maintenance issues. While this is not ideal, they have been great partners for the TOCH.*

*Our small fleet vehicles are suffering greatly as well. We have several vehicles that are "retained" due to the expansion of the Fire Prevention Division in the 90's. We transferred vehicles into this division without a plan for replacement, and as such, are unable to get them replaced now without additional funding. One vehicle broke down on the interstate last year and could not be repaired because the repair cost exceeded the vehicle's value. We had another one break down this year, and the same scenario presented itself. These vehicles are aged and are in dire need of replacement. This further couples with the challenge of replacing "in-service" vehicles due to funding or the lack thereof, to meet the needs of the organization.*

*We are not sized appropriately for our community needs. In 2021, ESCI (Emergency Services Consulting International) completed a staffing and location study. Their findings stated that we did not need any additional stations; however, based on our call volume and community hazard rating, all stations needed to be multi-company. This does not mean that we need an engine and ladder truck at every station; however, we do have a long-range plan that better aligns with the needs of the community. In the FY28 budget cycle, we will be requesting two QRVs (quick response vehicles) and staffing at Fire Station 1 and Fire Station 3. We have selected Fire Station 1 and Fire Station 3 due to these areas demanding a higher response for emergency services medical calls when compared to other areas in the Town. Placing these smaller vehicles in service will also extend the life of our larger fleet by reducing the wear and tear and saving on fuel costs and maintenance. In addition, it will enhance the safety of the community and firefighters by keeping the larger fleet off the road on incidents where it may not be needed. We will be asking for 9 additional firefighters to ensure that this model is successful.*

*NFPA 1710/50 explains that a municipal fire department should deploy a minimum of 16 firefighters to a single-family residential structure fire when the home is no larger than 2,000 square feet without a basement and no exposures or surrounding homes. I connected with GIS and obtained our residential property records for the TOCH. We have ~9k single-family homes in TOCH. The average square footage for our single-family homes is ~2,600 square feet. And many of these homes have exposures. We also have a minimum staffing of 21 firefighters on duty each day. In short, this means we are a one-structure fire department. We must send all our fire units to a house fire to effectively manage an incident. When this occurs, we again would rely on Carrboro, New Hope, North Chatham, and Durham to backfill and support us.*

### **ITEM #6: FY 2025 Excess Fund Balance Appropriation Proposal (Cont'd)**

**Council Question:**

How many fire trucks are in the fleet?

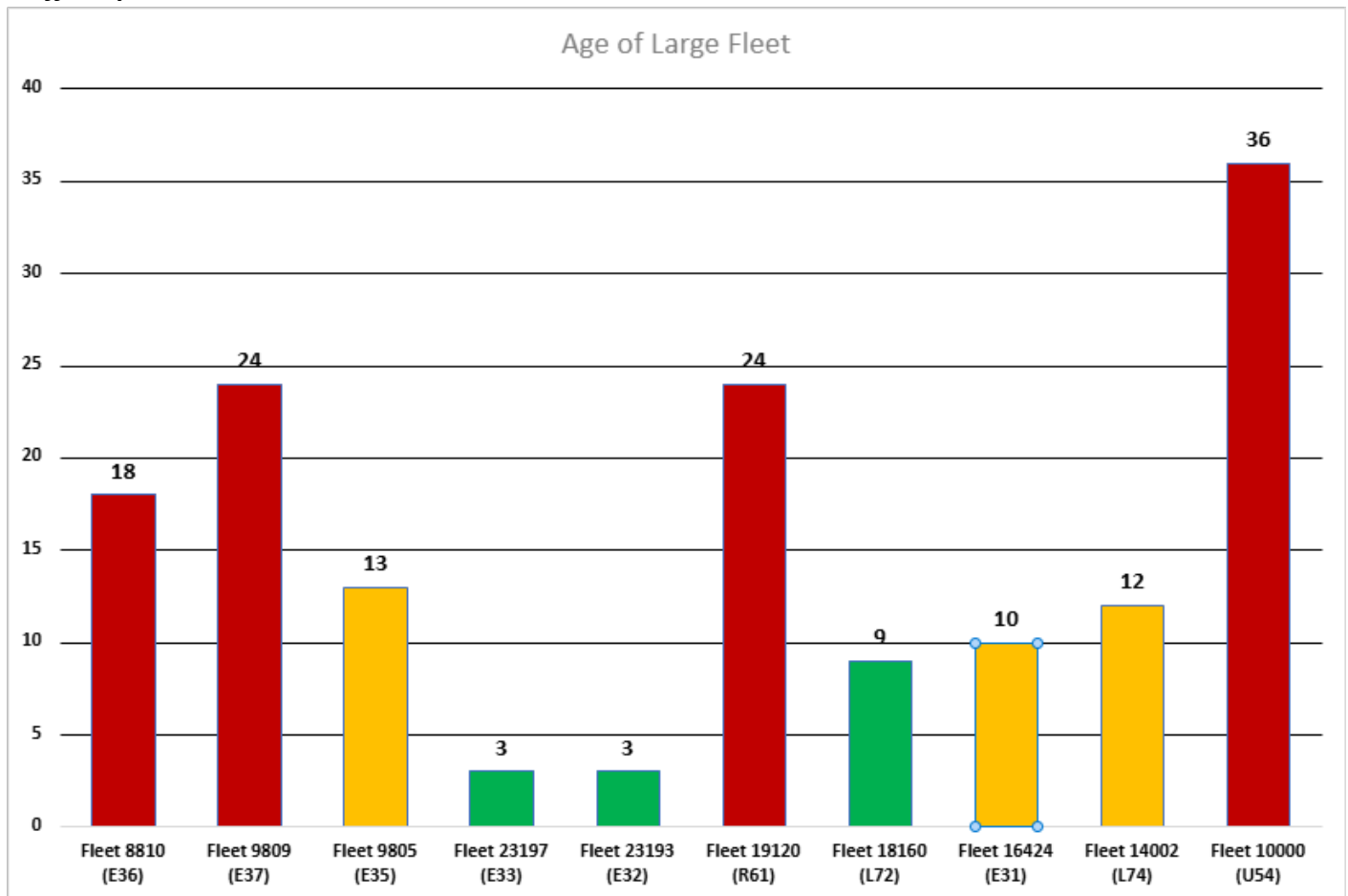
**Staff Response:**

The Town has 4 frontline engines, 1 reserve engine, 2 ladders, 1 rescue, and 1 high-water vehicle.

**Council Question:**

In terms of the replacement schedule, how many total fire trucks are close to the end of their useful service life? Under the current schedule, how long and how much money will it take to get them ordered and on-line? Are there vehicles where replacing them sooner would be beneficial in terms of saving money, improving safety for workers and the public etc....?

**Staff Response:**



The apparatuses listed in red are beyond their end of life. Engine 36, Engine 37 (Weaver Diary), Rescue 61, and Utility 54 (High Water Vehicle) are shown above in red. Those in orange are approaching their end of life and should be in a reserve status (used as needed) and not used as frontline apparatus. Ladder 74, Engine 35, and Engine 31 are in production to be replaced as we speak.

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# 03-25-2026 Town Council Meeting

## Responses to Council Questions Part 1

### **ITEM #6: FY 2025 Excess Fund Balance Appropriation Proposal (Cont'd)**

#### ***Staff Response: (Cont'd)***

*Best practice is for engines to be placed in a reserve status at 10 years of age and for ladders to be placed in reserve at 12 years of age. Both should be replaced by 15 years of age.*

*We have moved away from ordering customizable apparatus due to them taking nearly four years to produce. The cost of customizing also increases drastically, often costing \$300k - \$400k more to produce. Ordering a program spec or "cookie cutter" apparatus has also shortened the turnaround time versus a custom one by 18-30 months.*

*We have replaced several fire apparatus around the same time and will be faced with replacing them again if we don't stagger a replacement schedule now. We need to commit to this and provide the necessary funding to ensure that the replacement cycle is being met. Replacing apparatuses sooner is likely a prudent choice given the fact that apparatuses have doubled in cost since 2021. In addition, the safety electronics on these apparatus are ever evolving. These safety features further enhance our firefighter safety when maneuvering these large vehicles. The replacement schedule shown below should be adopted.*

- *Engine 31 - Replace in 2035*
- *Engine 32 - Replace in 2032*
- *Engine 33 - Replace in 2030*
- *Engine 35 - Replace in 2036*
- *Ladder 72 - Replace in 2028*
- *Ladder 74 - Replace in 2038*
- *Utility 54 - Replace in 2027*
- *Rescue 61 - Replace in 2027*

*The prior engine purchase, which is not a custom, but a program spec, has a turnaround time of 18 months. The production time may increase slightly, but no more than 24 months is expected. The prior ladder purchase, which is a custom, has a turnaround time of 26 months.*

*Overall - we are in a much better position and light is clearly visible at the end of the tunnel. We should replace the apparatus in the red, as the yellow has been addressed.*

### **ITEM #6: FY 2025 Excess Fund Balance Appropriation Proposal (Cont'd)**

#### **Council Question:**

What is the total cost for the Fire Station #4 project now expected to be? With this \$1 million, do we have it fully covered? Can you remind us of our fire station plan and timeline?

#### **Staff Response:**

*The total cost of the Fire Station 4 project is:*

- \$228,000 - Concept Plans
- \$1,232,200 - Schematic and Construction Documents
- \$528,000 - Project Management
- \$500,000 - Demolition Projection
- \$9.5m - \$10.5m - Construction Cost (working with design firm to get to lower end of the price range)

*We are looking at a total cost ranging between \$11,988,200 to \$12,988,200. Council previously committed \$228,000 to initiate a contract for the development of concept plans. We are currently in the Schematic and Construction Document portion of the process and will be drawing from the \$10m in bond funding to cover these costs. Assuming we can hold costs to the lower end of the construction cost price range, we are still short by about \$1.3 million dollars to construct the project.*

*Between April 2026 and August 2026, we should be complete with the schematic designs, CZP, design development, design review, and obtain a ZCP. From August 2026 - January 2027, the design team shared that they would finalize the construction documents, have them reviewed, and submit for permitting. Construction is expected to begin in February 2027 and be completed by June 2028. This could all shift based on the zoning requirements, which would shift the schedule ahead by 6 - 8 months, meaning construction could begin by the end of 2026 and finish late 2027.*

### **ITEM #6: FY 2025 Excess Fund Balance Appropriation Proposal**

#### **Council Question:**

Can you please provide us with an evaluation of the leaf collection process (fiscal impacts, overall assessment, how we plan to move forward, options for a leaf policy)?

#### **Staff Response:**

##### ***We cited several reasons for moving from loose leaf collection to containerized collection:***

- *Encouraging more residents to leave their leaves*
- *Reducing the risks of physical injury to our crew members*
- *Increasing efficiencies by moving towards mechanized service*

***We believe that more residents did make the choice to leave their leaves, although we don't have specific numbers. We do know that the number of residents who formally take the Leave Your Leaves pledge and get a yard sign grows year after year.***

***This change did reduce the risk of physical injuries and potential health hazards to our employees and the public from heavy leaf dust particles that may include animal fecal contamination, dirt, and road silica.***

***We also realized an additional benefit of being able to redeploy some of those crew members to other maintenance needs related to streets, sidewalks, stormwaters, etc.***

- *Our previous service model required approx. 5,340 hours or the equivalent of 2.5 positions.*
- *This year, we put those people and hours toward repairing three greenways damaged by Tropical Storm Chantal, resulting in the reopening of the greenways on a much faster timeline and at a lower cost than if we had used an outside contractor.*

##### ***We received a range of feedback about this service change.***

- *We had some residents share their dislike of the change and some who shared their support of the change.*
- *Regardless of whether they supported or opposed the change, some residents had questions/concerns about the rules for containers.*
  - *Some expressed concerns about the price of carts increasing from \$75 to \$100 in FY27.*
  - *Some shared that because of the high volume of leaves, they were concerned about having multiple carts and asked if we could still allow leaf bags during peak leaf season.*
- *As we moved through that peak leaf period, we also received complaints about leaves accumulating in street gutters.*

##### ***We are acting on that feedback in the following ways:***

- *We are not increasing the cost of the carts this year. At \$75, we are basically breaking even and can continue to do so for the coming year. Should our costs to acquire these carts increase significantly in future years, we may need to revisit this fee.*
- *We will continue to allow the use of paper leaf bags during the peak leaf season. We will determine guidelines for this and communicate clearly to residents.*
- *We are seeking one-time funding to purchase a leaf vacuum truck to address the complaints about leaves accumulating in drains and street gutters.*

### **ITEM #6: FY 2025 Excess Fund Balance Appropriation Proposal (Cont'd)**

**Council Question:**

What are we saying “Yes” to in terms of leaf collection going forward, if we approve this request right now?

**Staff Response:**

*We are saying “yes” to a more efficient and timely way to clear leaves from street curbs and gutters. This truck is designed to remove accumulated loose leaves along/in the curb gutter more efficiently. It’s the standard used by other municipalities to meet the same interests. It can also be used year-round to help remove debris from the street stormwater curb inlets as well.*

**Council Question:**

Is the leaf vacuum truck the same one we would have had to buy if we Hadn’t stopped collecting all leaves?

**Staff Response:**

*Yes. The difference is that we only have to purchase one vehicle. If we had continued to collect loose leaves, we would have needed to replace 6 trucks immediately at a cost of approx. \$2.1 million, plus annual maintenance and repair costs.*