

BUDGET WORK SESSION

March 1, 2023

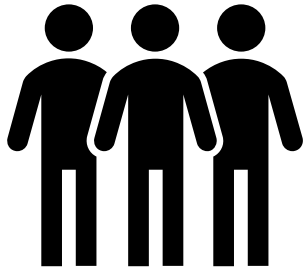
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AGENDA

- General Fund Funding Scenarios
- Enterprise Funds
 - Transit Fund
 - Parking Fund
 - Public Housing Fund
 - Stormwater Fund

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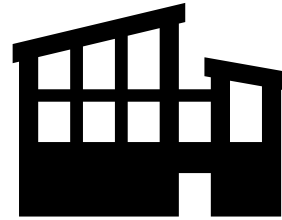
FIVE YEAR PRIORITIES



PEOPLE



SERVICES



FACILITIES



FLEET



HOUSING

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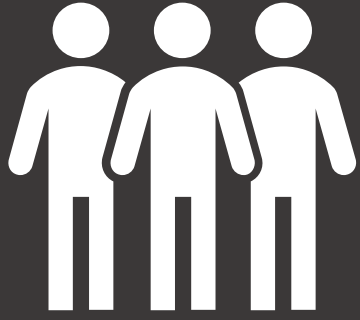
CATCHING UP SCENARIO

	FY 2024	FY 2025	FY 2026 *	FY 2027	FY 2028
Staffing	1,100,000	200,000	300,000	400,000	500,000
Operations	250,000	350,000	450,000	550,000	650,000
Facilities	250,000	250,000	250,000	250,000	250,000
Fleet	500,000	250,000	500,000	250,000	250,000
Parks Capital	971,000	18,000	18,000	18,000	18,000
Fire Capital	250,000	250,000	250,000	250,000	47,000
Affordable Housing	282,605	18,000	18,000	18,000	18,000
Council Initiatives*	500,000	0	0	0	0
TOTAL	4,103,605	1,336,000	1,786,000	1,736,000	1,733,000
Scenario Proposal	4.00 cents	1.50 cents	1.50 cents	1.50 cents	1.50 cents

ENTIRE BACKLOG SCENARIO

	FY 2024	FY 2025	FY 2026 *	FY 2027	FY 2028
Staffing	1,500,000	750,000	750,000	750,000	750,000
Operations	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Facilities	1,000,000	1,000,000	500,000	500,000	250,000
Fleet	1,000,000	1,000,000	500,000	500,000	250,000
Parks Capital	971,000	18,000	18,000	18,000	18,000
Fire Capital	971,000	18,000	18,000	18,000	18,000
Affordable Housing*	282,605	18,000	18,000	18,000	18,000
Council Initiatives	500,000	0	0	0	0
TOTAL	7,224,605	3,804,000	2,804,000	2,804,000	2,304,000
Scenario Proposal	7.50 cents	4.00 cents	2.75 cents	2.75 cents	2.25 cents

* - To meet Affordable Housing needs would take about 3 pennies financed over 20 years or 6 cents in FY 2024



RECRUITMENT
RETENTION
COMPENSATION
CAPACITY

CURRENT BACKLOG

- Recruitment/Retention \$1,000,000
- New positions \$3,200,000

FIVE YEAR GOAL

Catch Up Scenario	Entire Backlog Scenario
\$ 1,000,000	\$ 1,000,000
\$1,500,000	\$3,500,000
26% in FY 2024	35% in FY 2024
60% in 5 years	107% in 5 years



**CORE FUNCTIONS
OPERATIONS
SERVICES**

CURRENT BACKLOG

- Program increases \$2,100,000
- Program expansions \$4,700,000

FIVE YEAR GOAL

Catch Up Scenario	Entire Backlog Scenario
\$ 2,250,000	\$ 5,000,000
4% in FY 2024	15% in FY 2024
33% in 5 years	74% in 5 years



**FACILITIES
MAINTENANCE
CAPITAL PROJECTS**

CURRENT BACKLOG

- \$10,100,000

FIVE YEAR GOAL

Catch Up Scenario	Entire Backlog Scenario
\$ 1,250,000	\$ 3,250,000
2% in FY 2024	10% in FY 2024
12% in 5 years	32% in 5 years



REPLACEMENT
MAINTENANCE
ELECTRIFICATION

CURRENT BACKLOG

- \$9,300,000

FIVE YEAR GOAL

Catch Up Scenario	Entire Backlog Scenario
\$ 1,750,000	\$ 3,250,000
5% in FY 2024	11% in FY 2024
19% in 5 years	35% in 5 years



AFFORDABLE
HOUSING
INITIATIVES

CURRENT BACKLOG

- \$30,000,000

FIVE YEAR GOAL

- Get to one penny

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**ENTERPRISE
FUNDS**



TRANSIT

STORMWATER

PARKING

**PUBLIC
HOUSING**

REALITY CHECK

- **Need to increase staff capacity**, in order to meet regular – and regulatory – demand.
- **We've absorbed annual increased costs**, resulting in an effective budget decrease.
- **Projects coming out of the ground soon**, but we aren't feeling their impact yet.

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TRANSIT

- Compensation, recruitment, retention are critical
- Revenues not keeping pace w/operational expenses
- Inflationary increases on fuel, parts, etc
- Need to expand/improve service
- Capital investments are necessary
- Facility needs/expansion for zero emission fleet
- North/South BRT operating/capital costs

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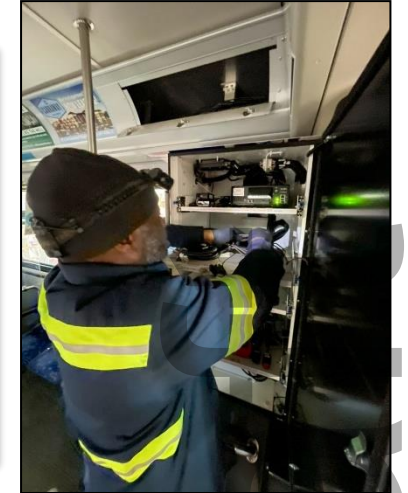
Transit Fund Update

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Transit Fund – FY 2024

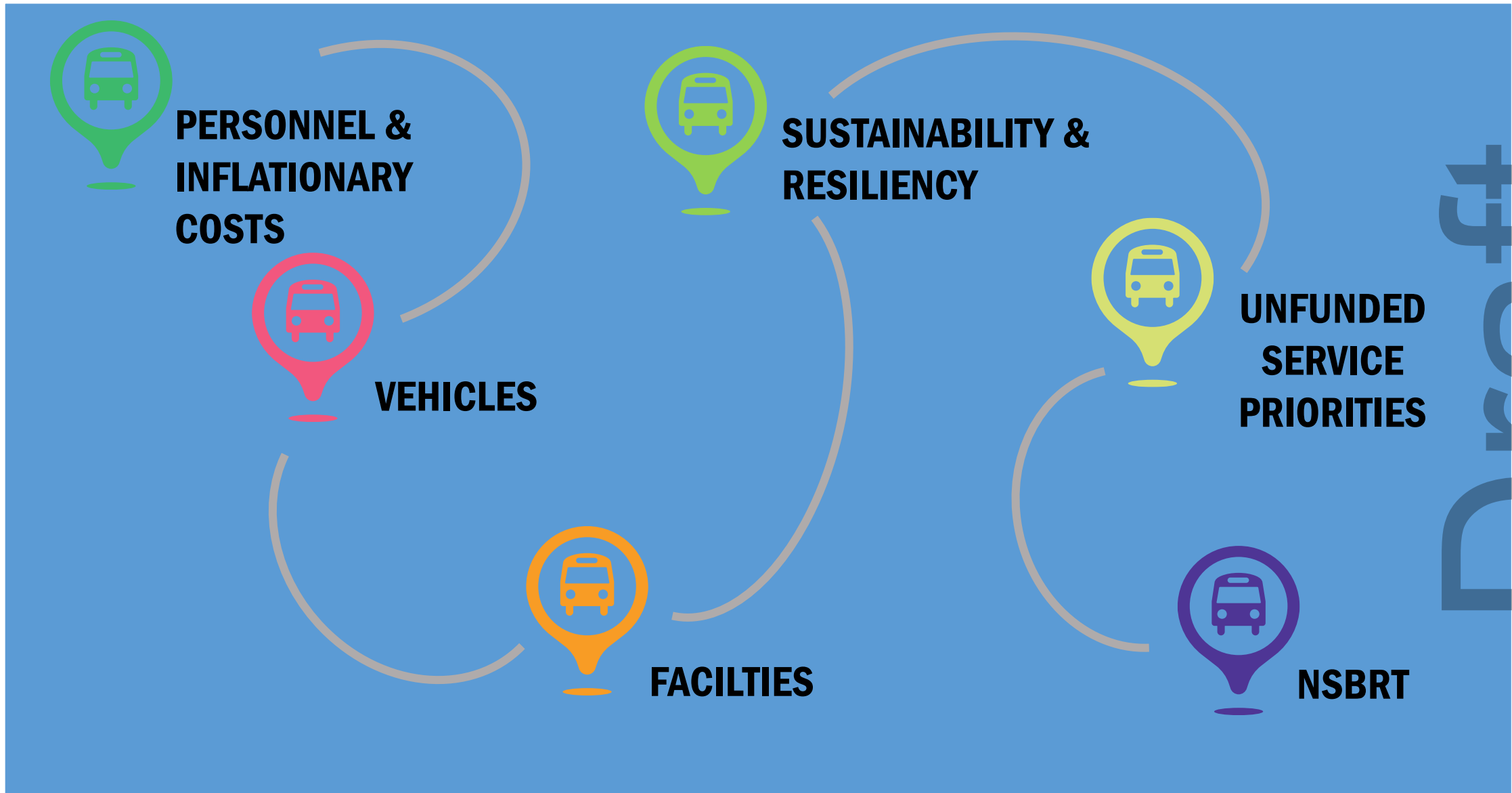
FY22-23 Adopted Budget of \$31.4M

- \$18.9 Million Local – 60% (Chapel Hill \$6.4M, Carrboro \$2.2M and University \$10.3M)
- \$2.5 Million Federal – 7.9 %
- \$3.2 Million State – 10.1%
- \$4.0 Million Orange County Transit Plan – 13% (includes BRT funding)
- \$2.7 Million Other – 8.7%



- 70% of budget = personnel, fleet/facilities and fuel
- 13% of budget = contracted services (NSBRT and Carolina Livery)
- 5.7% of budget = capital
- 5% of budget = charges by General Fund
- Remainder = utilities, technology, liability insurance, training, postage, printing, etc.

Transit Fund – Key Issues Beyond FY 2024



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PARKING FUND

- Occupancy increasing in all parking
- Continuing to market and share information on parking downtown with residents
- New tenants that require space will occupy in the coming twelve months
- Additional developments should break ground in the coming year and will require parking spaces
- East Rosemary Parking Deck should come on line in FY24

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Parking Fund



Adopted Budget 2023
\$6,130,626



Personnel
7 existing staff positions
filled
\$1,008,328 budgeted



Transfer to Debt Service
fund
\$2,710,026

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Parking Fund

Trends:

- Parking occupancy and income increasing
- Marketing West end lots to increase occupancy
- High occupancy on the east end
- Evaluating parking rates against occupancy
- Some deferred maintenance occurring in the current budget year

Future unfunded needs:

- Parking Meter repair and replacement
- Upgrading technology at 140 West Parking Deck and lots

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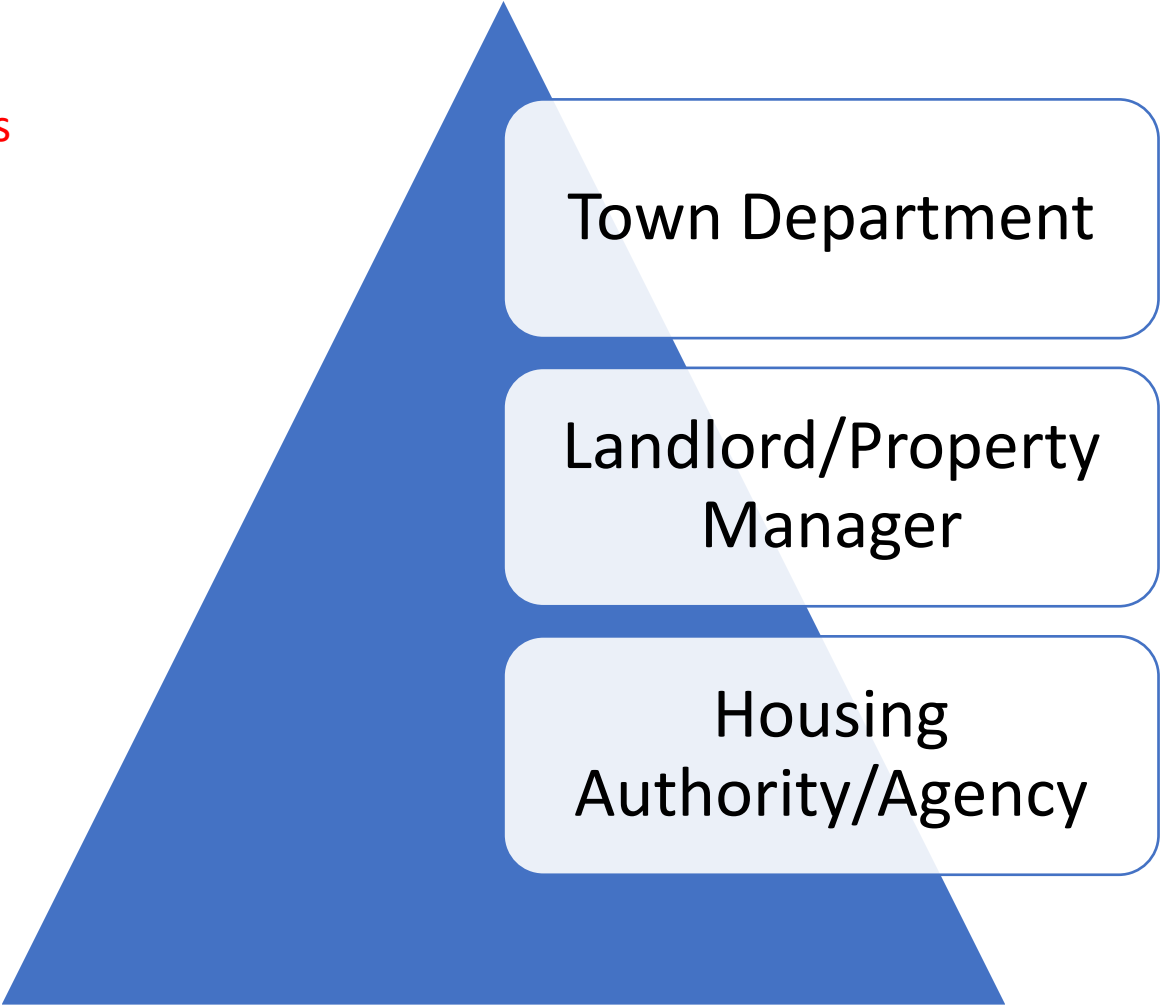
PUBLIC HOUSING FUND

- Absorbing the pay increases with a fixed amount of monies
- The increasing cost and scarcity of contractors willing and able to work on our smaller projects when there are larger more lucrative projects in the area
- The continued vacancy of Trinity Court affects the amount of operating funding provided by HUD. Until we close on the development contract, we will suffer a loss
- The need for additional personnel (assistant housing officer, mechanics, and a skilled grant writer) means that many of our staff are being pulled in many directions in order to meet the needs of public housing residents and HUD deadlines.
- Acquiring a new software system for Public Housing is a needed expense but trying to train while continuing operations increases the stress on staff.

DEPARTMENT OF PUBLIC HOUSING



From 3 Perspectives



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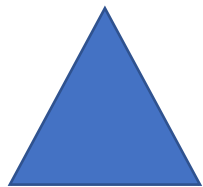
3 Perspectives requiring specific measurable tasks that are sometimes in conflict with available funding



Town Department – attract, hire, and retain skilled staff to meet the needs of the department. Collaborate with other Departments to meet the needs of the community.



Landlord/Property Manager – legal and moral obligation to provide safe, decent housing . Properties over 45 years of age.



Housing Authority/Agency – Comply with federal mandates for property maintenance, preservation, and occupancy standards. Funding provided in accordance with annual evaluation+ size of our portfolio.

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AS AN ENTERPRISE FUND OF THE TOWN:

- We must absorb the increase from OWASA (~16%), Dominion Gas (~5.1%), and Duke Energy (~9.9%) to compact an already underfunded budget line.
- Typical cost increase of contractors (~19%)
- Increased usage of expensive contractors due to aging portfolio. The most used trades were electrical and plumbing.
- **60% of Budget - Personnel**
- **20% for Operations & Programming**
- **15% internal service cost** (software, fuel, fleet, Solid Waste and Stormwater)
- **5% staff development** – young inexperienced staff requires training and development to meet the needs of the Department.

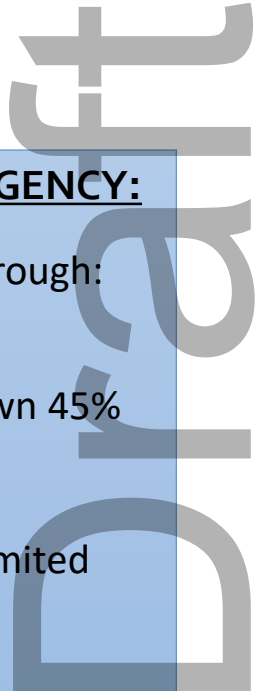


AS A LANDLORD/PROPERTY MANAGER

- Obligation to continue to provide clean, safe, decent housing with obsolete fixtures and limited capacity for relocation for major refurbishments
- **Reduced resources** to provide programming enhancements to help train tenants to collaborate in maintaining apartments
- Limited resources to help meet the needs of tenants desiring an **improved quality of life.**



AS AN AUTHORITY/AGENCY:

- 
- Funding provided through:
 - **Tenant Rents:** down 45% since COVID
 - **Federal Grants:** limited flexibility
 - **Operating Funds:** based on annual performance and size of portfolio. Not compensated for vacant units. **40 units vacant since 2018.**

STORM WATER FUND

REALITY CHECK

- Additional funding needed to come into compliance per the National Pollutant Discharge Elimination System (NPDES) Audit, including mapping major outfalls, dry weather screening, and maintenance of stormwater control measures. The needed stormwater fee increase to cover this cost over the next five years based on preliminary analysis is \$4.45/ERU. This amount would adjust the average residential fee increase by \$17.80.
- Given the challenges in hiring and retaining program support for stormwater and engineering responsibilities, it is recommended that existing funding for program support be utilized to hire and retain a full time position. No additional funding is needed to complete this conversion from program support to a full-time position.
- There is also a need to add one additional stormwater maintenance position in FY24. There is an interest in adding maintenance support within the next five years. The cost for adding one maintenance position is \$0.61/ERU. This amount would adjust the average residential fee increase by \$2.40.