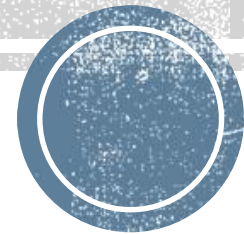


Budget Work Session

April 14, 2021



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Assessed Valuation Data

Value of a Penny

Example Tax Bill Impacts

Tax Rate History

Budget Reductions & Commitments

Budget Scenarios

Next Steps in Budget Process

Topics for Discussion

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Assessed Valuation Data

| | 2021 Valuation | 2020 Valuation | Difference |
|-------------------------------|-------------------------|-------------------------|-------------------------|
| Orange County Real Property* | \$ 8,513,978,013 | \$ 7,500,585,640 | \$ 1,013,392,373 |
| Durham County Real Property | 540,018,520 | 539,506,906 | 511,614 |
| Orange County Motor Vehicles* | 360,324,200 | 353,259,020 | 7,065,180 |
| Durham County Motor Vehicles | <u>28,881,262</u> | <u>30,231,704</u> | <u>(1,350,442)</u> |
| TOTAL VALUATION | \$ 9,443,201,995 | \$ 8,423,583,270 | \$ 1,019,618,725 |

* Values Impacted by Revaluation

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Value of a Penny



FY21: \$840,000

FY22: \$940,000



Example Residential Tax Bill Impacts

| Pre-Revaluation | Pre-Tax Bill | Post-Revaluation | Post-Tax Bill | Annual Increase |
|-----------------|--------------|------------------|---------------|-----------------|
| \$150,000 | \$816 | \$163,500 | \$889 | \$73 |
| \$250,000 | \$1,360 | \$272,500 | \$1,482 | \$122 |
| \$443,709 | \$2,414 | \$483,643 | \$2,631 | \$217 |
| \$ 750,000 | \$4,080 | \$817,500 | \$4,447 | \$367 |
| \$1,000,000 | \$5,440 | \$1,090,000 | \$5,930 | \$490 |

Assumes existing tax rate of 54.4 cents (Town rate only)

Assumes 9% average residential property valuation growth

Average home price in Chapel Hill is \$483,643

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Example Commercial Tax Bill Impacts

| Pre-Revaluation | Pre-Tax Bill | Post-Revaluation | Post-Tax Bill | Annual Increase |
|-----------------|--------------|------------------|---------------|-----------------|
| \$1,000,000 | \$5,440 | \$1,360,000 | \$7,398 | \$1,958 |
| \$5,000,000 | \$27,200 | \$6,800,000 | \$36,992 | \$9,792 |
| \$10,000,000 | \$54,400 | \$13,600,000 | \$73,984 | \$19,584 |
| \$25,000,000 | \$136,000 | \$34,000,000 | \$184,960 | \$48,960 |
| \$50,000,000 | \$272,000 | \$68,000,000 | \$369,920 | \$97,920 |

Assumes existing tax rate of 54.4 cents (Town rate only)

Assumes 36% average commercial property valuation growth

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Tax Rate History

| | FY09 | FY10* | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18* | FY19 | FY20 | FY21 |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Fund | 42.3 | 36.0 | 36.0 | 37.8 | 37.8 | 38.8 | 38.8 | 38.8 | 38.8 | 37.6 | 38.6 | 38.6 | 38.6 |
| Debt Fund | 11.0 | 9.3 | 9.3 | 7.5 | 7.5 | 7.5 | 8.5 | 8.5 | 8.5 | 8.2 | 8.2 | 9.8 | 9.8 |
| Transit Fund | 4.8 | 4.1 | 4.1 | 4.1 | 4.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.0 | 6.0 | 6.0 | 6.0 |
| Town Total | 58.1 | 49.4 | 49.4 | 49.4 | 49.4 | 51.4 | 52.4 | 52.4 | 52.4 | 50.8 | 52.8 | 54.4 | 54.4 |

| | FY09 | FY10* | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18* | FY19 | FY20 | FY21 |
|-------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Town | 58.1 | 49.4 | 49.4 | 49.4 | 49.4 | 51.4 | 52.4 | 52.4 | 52.4 | 50.8 | 52.8 | 54.4 | 54.4 |
| County | 100.3 | 85.8 | 85.8 | 85.8 | 85.8 | 85.8 | 85.8 | 87.8 | 87.8 | 83.77 | 85.04 | 86.79 | 86.79 |
| Schools | 23.0 | 18.84 | 18.84 | 18.84 | 18.84 | 20.84 | 20.84 | 20.84 | 20.84 | 20.18 | 20.18 | 20.18 | 20.18 |
| Total Rate | 181.4 | 154.04 | 154.04 | 154.04 | 154.04 | 158.04 | 159.04 | 161.04 | 161.04 | 154.75 | 158.02 | 161.37 | 161.37 |

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Budget Reductions for FY 2021

- Reduction in street maintenance (\$300,000)
- Elimination of Vehicle Replacement funding (\$453,089)
- Elimination of Pay-Go Capital funding (\$237,500)
- Reduction in OPEB pre-funding contribution (\$250,000)
- Elimination of transfer to Blue Hill Tax Increment Financing (\$445,100)
- Elimination of building maintenance funds (\$472,000)
- Reduction in Library funding (\$100,000)

Total General Fund reductions = \$2,257,689

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FY 2022 Budget Commitments

- 5.5% Health Insurance increase (\$285,000)
- 1.2% Retirement rate increase (\$380,000)
- Need to reinstate transfer for Blue Hill Tax Increment Financing (\$445,100)
- Incentive Agreements (totaling \$985,446)
 - Carraway Village (Year 3)
 - Wegman's (Year 1)
 - Well (Year 1)
 - Glen Lennox (Year 1)
- Revenue Reductions (\$1,192,000)
 - Parks & Recreation Fees (\$330,000)
 - Occupancy Taxes (\$450,000)
 - School Resource Officer Program (\$412,000)
- Sales tax growth covering FY 2022 commitments

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Budget Scenarios

| | | |
|----|-------------------------|------|
| 1. | Revenue Neutral Rate | 49.4 |
| 2. | Existing Rate | 54.4 |
| 3. | Alternatives for Growth | 5.0 |

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Scenario 1 – Revenue Neutral

| Budget Topic | Included/Not Included | Budget \$ |
|------------------------------|-----------------------|-----------|
| Pay Adjustment | X | - |
| Health Insurance Increase | ✓ | \$285,000 |
| Ephesus Fordham TIF Transfer | ✓ | \$445,100 |
| Climate Action | X | - |
| Affordable Housing | X | - |
| OPEB | X | - |
| Buildings Maintenance | X | - |
| Vehicle Replacements | X | - |
| Streets | X | - |
| Pay-Go Capital | X | - |
| Other Council Priorities | X | - |

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Scenario 2 – Existing Tax Rate

| Budget Topic | Included/Not Included | Budget \$ |
|------------------------------|-----------------------|-----------|
| Pay Adjustment | ✓ | 2% |
| Health Insurance Increase | ✓ | \$285,000 |
| Ephesus Fordham TIF Transfer | ✓ | \$445,100 |
| Climate Action | ✓ | \$940,000 |
| Affordable Housing | ✓ | \$251,605 |
| OPEB | ✓ | \$250,000 |
| Buildings Maintenance | ✓ | \$500,000 |
| Vehicle Replacements | ✓ | \$500,000 |
| Streets | ✓ | \$400,000 |
| Pay-Go Capital | ✓ | \$500,000 |
| Other Council Priorities | ✓ | \$100,000 |

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Scenario 3 – Alternatives

Each penny on the tax rate is equal to \$940,000 that can be attributed to Council's priorities including:

- Climate Action
- Affordable Housing
- ReVive Chapel Hill
- Infrastructure
- Maintenance
- Reimagining Community Safety Task Force
- Investing in Town Employees
- Council Reserve

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Next Steps in Budget Process

| | |
|--------|----------------------------------|
| May 5 | Manager's Recommended Budget |
| May 12 | Budget Work Session |
| May 19 | Budget Public Hearing |
| May 26 | Budget Work Session (if needed) |
| June 2 | Budget Work Session (if needed) |
| June 9 | Proposed FY 2022 Budget Adoption |

2021-22 Budget Development Page

www.townofchapelhill.org/budget

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