

## PART 1 : BUDGET REDUCTIONS

At the March 26, 2025 Work Session, Council requested information on what an 8 – 10% across the board budget reduction would entail. We estimate that to mean:

- Approximately \$8.9 million in reductions from the General Fund
- Approximately \$3.0 million in reductions from the Transit Fund

That would be a significant budget reduction and could not be realized by stitching together small-scale cuts from lean departmental budgets.

To achieve that level of reductions, we'd have to cut a significant number of staff and associated programs and services. Personnel – and the programs and services they provide – are the largest line item in our budget and therefore the place where we would see the greatest savings.

The reductions below are based on a thorough review of every department's budget. We would have to make all of these changes to reduce our overall budget by 8 – 10%. A significant amount of staff time went into developing this up-to-date analysis. Council can also consider allocations to outside agencies, which we have not addressed in this document.

While this level of budget reduction could have a significant positive impact on the budget/expense gap, it would also have a significant negative impact on service delivery, resident satisfaction, and employee morale.

Before this Council request, staff were already considering some measures that could yield some savings and/or address core service needs without new funding.

- An example of one such cost-saving measure would be changing leaf and yard waste collection services.
- Since core service needs are often tied to staffing, we are already committed to reviewing every vacancy to assess whether there is still a need for that position or if it can be reconceptualized/reclassified to address a core service need in a different department or division.

## **GENERAL FUND - REDUCTIONS TO STAFFING AND CORE SERVICE BUDGETS**

Employees are the engine of our core services, so reducing staff would mean reducing associated services and programs by 8-10% as well.

### **Staffing**

We would have to eliminate approximately 40 positions of all levels in the General Fund.

- To achieve that number, eliminated positions would come from across all departments.

We would have to eliminate part-time, program support (PTPS) salary lines.

- This would primarily affect Library and Parks & Recreation, who rely on PTPS employees for evenings, weekends, and summer seasons.

### **Core Services**

We would have to reduce or eliminate all of the following services:

- Close the Library one day a week, most likely on Sundays
- Close Parks & Recreation Facilities one day a week, most likely on Sundays
- Close AD Clark Pool
- Outsource Public Works waste collection services to private providers
- Discontinue the Police's Crisis Assistance, Response and Engagement (CARE) Team, the Crash Assistance Responders (CARS) Team, and the Virtual Report Unit
- Disband the Police Downtown Patrol Unit, reassign downtown patrol as part of other general patrol assignments
- Close 1-2 Fire Stations, either on a rotating or permanent basis
- Transfer EMS emergency response to Orange County Rescue Squad
- Significantly reduce/defer maintenance across all Town facilities, both in-house maintenance and cleaning contracts
- Further reduce/defer street resurfacing

### **Programs**

- Reduce Library summer reading programming
- Reduce number of cultural festivals
- Reduce number of public art projects
- Reduce Parks & Rec summer camp offerings
- Eliminate Employee Appreciation Month

- Eliminate Peoples Academy
- Eliminate Planning Ambassadors Program
- Reduce Human Service program funding
- Reduce or eliminate Language Access program

The impact of such a reduction across staff, services, and programs would be significant. We anticipate the following impacts:

- Reduced public safety operations, impacting safety in the community, transferring responsibilities to other agencies, and likely incurring external costs.
- Limited access to essential services and activities for community members, due to reduced service hours.
- Disproportionate effect on families and children who depend on programming, due to reductions.
- Increased employee workload, which could lead to further burnout and decreased job satisfaction. This could also impact the quality of services provided.
- Fewer community engagement initiatives and events, possibly weakening the connection between the community and important public services.
- Significant negative community reaction and potential backlash, especially from regular users of reduced or eliminated services.

## **GENERAL FUND - REDUCTIONS TO TRAINING AND DEVELOPMENT BUDGETS**

Training and Development budgets would be cut by 75 – 100% across all departments. This would include:

- In-state and out-of-state travel to professional conferences
- On- and off-site departmental trainings and skills development courses
- Individual and organizational memberships in professional associations
- External organizational development programs, including Smart Leaders, Smarter Teams (Mutual Learning) and School of Government courses
- Internal development programs, including THRIVE professional development academy and Career Coaching.

Training and development budgets are one of the few discretionary line items in departmental budgets, so they are frequently cut when it comes time to “rob Peter to pay Paul.” Based on experience at smaller scale, here’s what we expect the impact would be at a larger, across the board scale:

- Employee morale. Our employees take pride in providing excellent service and without training and development opportunities, their ability to do so is diminished, as is their pride in their work and their trust in the organization.
- Employee recruitment and retention. Regardless of the position they are applying for, potential employees almost always ask about training and development. If we can't offer training & development to potential employees, we may see a decrease in quality/quantity of applicants.
- Service delivery standards. While some training and development is optional, much of what are employees receive training on is required in order to maintain certification and/or essential for staying up to date with best practices and standards. We would expect to see a decrease in service standards and therefore with service delivery satisfaction.
- Loss of professional knowledge and networking. In many cases, paid membership in professional associations gives our staff access to a regional and national network of peers and professional knowledge, often kept behind the membership paywall.

## **GENERAL FUND - REDUCTIONS TO TECHNOLOGY AND EQUIPMENT BUDGETS**

Technology and equipment play a role in everything we do. From front-line employees to senior leaders, up-to-date hardware and software helps us be more effective and efficient in our work. Our service delivery departments use a wide range of equipment to get their jobs done, from mowers and bucket trucks to uniforms and tools. Reductions would include:

### **Technology**

- Extending the lifecycle of all laptops and tablets, replacing only when they completely fail
- Extending lifecycle of technology equipment such as security cameras and meeting room A/V
- Eliminating funding for software upgrades and relying on current versions until they are discontinued
- Eliminating funding for current and future artificial intelligence I technology and applications

### **Equipment**

- Eliminating and reducing funding for new equipment, replacing only when no longer useable

- Extending lifecycle of lawn maintenance equipment such as mowers and leaf blowers
- Eliminating funding for costly electric alternatives to gas-fueled equipment

All Town services and programs rely on up-to-date technology and equipment. We believe eliminations and reductions would have the following impact:

- Reduced productivity due to extended lifecycles of technology and equipment that are prone to breaking down and end up out of service.
- Security risks due to outdated hardware and software that would be more prone to cyber-attacks.
- A competitive disadvantage compared to other organizations that invest in artificial intelligence to improve processes and service delivery.
- Increased maintenance costs for equipment prone to breakdowns and more frequent servicing.
- Lower service quality due to subpar equipment would lead to customer dissatisfaction.

## **TRANSIT FUND REDUCTIONS**

A 10% budget cut to the Transit Fund would mean \$3.6 million in service adjustments and reductions. This would require the elimination of routes and staff positions.

The Town's budget doesn't fully fund any service or program within the Transit budget. Any adjustment – up or down – requires consensus among the Transit Funding Partners and funding adjustments for each Partner.

For example, a 10% reduction could involve the following changes:

- Eliminating the full NS route (weekday and weekend) and the CW route (weekday and weekend) or eliminating the following weekday routes: A, CL, F, G, HS, N, S, & T
- Eliminating 15-20 full-time operator positions and at least one full-time supervisor position

Here are some impacts to consider:

- Service reductions would require a robust public input process and a public hearing process.

- Service reductions would negatively impact the Town's ability to attract critical funding for the North-South Bus Rapid Transit (NSBRT) and may reduce funding currently received through the Orange County Transit Plan.
- Local funding reductions would lead to reductions in State and Federal funding in future years.

## PART 2: COUNCIL STRATEGIC FOCUS AREAS

### Environmental Stewardship

**Focus Area Statement:** To mitigate the effects of climate change through the management of Town resources, partnerships, and the natural environment, and to strengthen protection of sites in our natural areas plan and parks master plan.

#### Focus Area Goals:

- Continue implementation of Climate Action and Response Plan
- Model environmental best practices across departments and facilities
- Encourage energy efficient buildings, and renewable energy while reducing energy needs
- Continue to link transit, transportation, and climate action initiatives

#### Core Departments:

- Sustainability
- Planning
- Public Works
- Library
- Parks & Recreation
- Transit

**Complete Community Connections:** Green infrastructure, mature tree canopy, natural landscapes, waterways, features, affordable housing choices with access to jobs and transportation

#### Strengths

- **Implementing the Council-Adopted Climate Action and Response Plan** with dedicated funding including Council's investment in Transit which is amplified by the University and Carrboro's investment in Transit (for every .35-cents the Town invests in Transit, .65-cents is invested by other Partners).
- **Installing energy-efficient upgrades** across Town facilities is a coordinated effort with Public Works, Parks & Recreation, Housing, and Sustainability.
- **Stormwater priorities:** Aligning project evaluations with Council's environmental interests and meeting NPDES MS4 permit requirements.

#### Opportunities

- **Updating the Climate Action and Response Plan:** Every five years, including a roadmap in the FY26 update, with consulting support from the sustainability fund.

- **LED lighting upgrades:** For all athletic facilities, reducing energy consumption and saving \$250,000 in power and maintenance costs over 15-20 years.
- **Parks and Recreation Master Plan:** Our new Parks and Recreation Master Plan can help foster a more sustainable, resilient community, balancing environmental, social, and economic needs. This can be done through resource management, greenspace infrastructure, greenway and sidewalk transportation, and land conservation.
- **Stormwater improvements:** Adding two positions and a maintenance crew to enhance effectiveness, requiring a \$2.75/ERU fee increase and a \$5.40/ERU fee increase, respectively, to better implement the Council's stormwater interests and improve maintenance capacity.
- Maintaining Transit services and implementation of NSBRT.

### Weaknesses

- **Carbon emissions reduction from operations:** We've reduced emissions by 21% since 2017, but we are not on track to reach our 2030 targets of 80% renewable energy and 59.31% emissions reduction.
- **Funding gap for operational climate goals:** Existing resources cover only 30-40% of the 2030 targets, requiring an additional \$375,000 to fund new rooftop solar on our facilities and \$90,000 for fleet EV charging.
- **Electric vehicle costs:** EVs are currently more expensive than internal-combustion engines and expanding our EV fleet requires investment in charging infrastructure.
- **Facilities maintenance backlog:** We have an existing \$14M backlog.
- **MS-4 NPDES permit compliance:** Demands to maintain compliance with the Town's MS-4NPDES permit (mandated under the federal Clean Water Act and delegated to NCDEQ) have reduced staff's ability to handle other stormwater work.

### Threats

- **Reduced federal funding:** We anticipate reduced federal funding to support climate action activities and other environmental-related activities.
- **Increasing costs:** Costs for vehicles, charging equipment, infrastructure, and capital components are rising.
- **Stormwater maintenance:** One stormwater maintenance crew serves the entire Town, limiting our proactive maintenance and ability to respond to increasing storms or flooding.



## Performance Measures from 3/26/2025 Work Session

### Percentage of new fleet as EVs/Hybrid/Alternative Fuel

Fiscal Year	Percentage
FY22	82%
FY23	91%
FY24	82%
FY25	87%

### Affordable Housing Units within ½ Mile of a Bus Stop

Fiscal Year	Percentage
FY22	96%
FY23	98%
FY24	96%

### Carbon emissions data

Year	Community Emissions (MTCO <sub>2</sub> e)	Town Operations Emissions (MTCO <sub>2</sub> e)
2017	937,085	15,356
2023	714,895	12,100
% change	24% lower	21% lower

Year	Town-Owned Buildings Emissions (MTCO <sub>2</sub> e)
2017	3,245
2023	2,936
% change	9.5% lower

## Community Survey Connections

### Resident Environmental Practices

Practice	Percentage
Making homes more energy efficient	86%
Reducing waste	87%
Composting	51%

### Resident Satisfaction with Town Services

Service	Percentage at Least Satisfied	Comparison to U.S. Average
Landscaping in parks, medians & other public areas	69.7%	14.3% above
Cleanliness of streets and public areas	66.6%	13.3% above
Snow removal on streets	60.1%	12.8% above
Management of stormwater runoff	47%	-2.5% below
Maintenance of Town buildings and facilities	70.0%	14.5% above
Trash collection	92%	37.3% above
Transit services	68.9%	31.8% above

## Healthy & Inclusive Community

**Focus Area Statement:** To collaborate with communities and institutions to eliminate inequities, build community, and enrich the health and lives of those who live, work, and visit Chapel Hill.

### Focus Area Goals:

- Continue to implement the Community Connections Strategy
- Leverage partnerships to increase access to arts and cultural experiences, especially those that highlight historically marginalized artists
- Create opportunities for residents to share their own stories and explore our community's history, with a focus on historically marginalized residents and communities
- Focus on inclusivity in cultural and social events, friendly to children through seniors and those with mobility issues or other disabilities
- Fund cultural arts activities and facility development for arts, cultural events, and parks

### Core Departments:

- Library
- Community Arts & Culture
- Parks and Recreation
- DEI Office
- Affordable Housing & Community Connections
- Communications & Public Affairs (now Marketing & Communications and the Clerk's Office)

**Complete Community Connections:** Cultural & social events, friendly to children and seniors, non-able-bodied, and the whole population

### Strengths

- **Increased demand:**
  - Athletic field rental: 99% since FY22
  - Pottery class: 32% since FY22
  - Adult sports program revenues: 2000% since FY22
- **Community appreciation:** High appreciation for Community Arts and Culture events.
- **Economic ties:** Strong connections with workforce development agencies and local businesses support economic growth.
- **Teen programming:** Reimagining and improving facilities and programs for teens, including the reopening of the Teen Center in 2024 with new programs and the Homestead Skate Park project scheduled for Fall 2025.

- **Discounts for low-income residents:** Parks and Recreation offers up to 90% discounts on summer camp and most other program fees, using HUD income limits to determine eligibility.

## Opportunities

- **Parks Master Plan:** Completion of the plan.
- **New parks facilities:** Including new amenities and enhancements to current facilities.
- **Southern Community Park:** Renovations and improvements.
- **Service evaluation:** Assessing services and operating hours of Parks & Recreation facilities to maximize access for vulnerable communities and improve cost recovery.
- **Year-round restrooms:** Adding restrooms to high-traffic parks (Community Center, Ephesus, and N Forest Hills) to meet community interest and reduce long-term costs compared to seasonal portable toilets (\$12,000 annually). This will require an initial capital investment.
- **Regional pilot project:** Participate in the Throne bathroom pilot project downtown.
- **Donations and sponsorships:** Secure more donations and sponsorships by adding a part-time position to increase administrative and marketing staff capacity.
- **Financial assistance:** Evaluate aligning discount rates for financial assistance with neighboring municipalities to improve cost recovery of programs.
- **Credit card fees:** Pass on some credit card fees to customers to improve cost recovery, considering impacts on participants.

## Weaknesses

- **Parks maintenance backlog:** There is a significant backlog in parks maintenance.
- **Parks and Recreation office building:** Replacement of the office building at Plant Road identified as a priority in the Municipal Services Center project, which has been halted.
- **Penny for Parks:** Funds are being used for deferred and ongoing maintenance instead of primarily for intended projects.
- **Reduced CHCCS programming:** Reduced programming from CHCCS could increase dependence on Library and Parks & Recreation programs.
- **Staffing issues:** Current staffing levels at Library and Parks & Recreation cannot accommodate increased demand.
- **Community interest:** There is a strong community interest in additional events and festivals, which cannot be met with current staffing.
- **Library maintenance budget:** The Library lacks a budget for facility maintenance, leading to neglected systems and building features that require regular cleaning and upkeep, as resources are directed to more urgent issues or emergency repairs.

## Threats

- **Reduced federal funding:** The Grants to States program allocates a base amount of funds to each State Library Agency plus a supplemental amount based on the state's population. We will continue to receive recurring funds from the state library. However, any grants in process are no longer being reviewed and our wayfinding and navigation grant will not be awarded.
- **Potential funding loss from Orange County:** With the opening of the Southern Branch of the Orange County Public Library, the Library may face a potential lowering or loss of funding from Orange County. This could be amplified if we cut staffing, leading to reduced hours and potentially redistributing foot traffic to other facilities.
- **Sustainability of operations:** The Library regularly supplements its operations with grants and may not be able to sustain current staffing, hours of operation, and services if funding gaps are not addressed.
- **Increased afterschool demand:** School district cuts to afterschool programs will likely increase the number of school children at the library in the afternoon and evenings. The Teen Room is sometimes unstaffed due to staffing shortages, and we lack the capacity to provide additional activities or programs for these children.
- **Increased demand at Parks & Recreation:** School district cuts to afterschool programs for middle schoolers will likely increase demand at Parks & Recreation facilities, particularly the Teen Center, which is already underfunded for staffing.
- **Language Access Program:** The grant that funded all of the Town's Language Access components; interpretation, translation, training, and staffing, ends on June 30, 2025. Without local funding to support the program, the Town would have to pay outside agencies to provide these services. Without providing this service, the Town will be out of compliance with Title VI of the 1964 Civil Rights Act and will not be able to provide key services to residents that speak a language other than English.
- **Deferred maintenance:** Delayed renovations and deferred maintenance in Parks & Recreation will lead to higher long-term costs, as we've seen with Southern Community Park Natural Grass Athletic Fields such as tennis/pickleball courts at Ephesus Park, parking lot upkeep at parks like Cedar Falls Park.
- **Athletic programming demand:** Public demand for athletic programming and field rentals has outpaced resources to maintain them, leading to premature asset deterioration, revenue loss, and fewer opportunities for adults, kids, and teens to stay active.

### Performance Measures from 3/26 Council Work Session:

**Library collection use per capita:** 4.61% (90th percentile for all NC libraries)

### Community Survey Data:

Service	Percentage at Least Satisfied	Comparison to U.S. Average, if available
<b>Acceptance of diverse populations</b>	<b>69.9%</b>	<b>23.7% above</b>
<b>Availability of town information in languages other than English and understandable formats</b>	<b>56%</b>	-
Equitable delivery of services	54%	-
Equitable addressing of social, economic, and racial equity differences in jobs	54%	-
Equitable addressing of social, economic, and racial equity differences in education	50%	-
Equitable addressing of social, economic, and racial equity differences in housing	36%	-
Equitable addressing of social, economic, and racial equity differences in the criminal justice system	40%	-
Reluctant to participate because they feel like they don't belong	36.7%	-
<b>Public library services</b>	<b>92%</b>	<b>27.9% above</b>
<b>Access for persons with disabilities to Town facilities &amp; services</b>	<b>45.2%</b>	<b>-6.3% lower</b>

## Employee Recruitment and Retention

**Focus Area Statement:** To attract top talent across the organization, offer fair and competitive compensation, and ensure that all employees have the resources, knowledge, and training to do their best work every day.

### Focus Area Goals:

- Continue work on employee compensation, with a focus on addressing compression and inflation
- Better maintain and improve facilities, with a focus on MSC and Fire Stations
- Support employee work-life balance

### Core Departments:

- Human Resources Development
- Technology Solutions
- Business Management
- Manager's Office
- Ombuds Office
- DEI Office

**Complete Community Connection:** Our people are essential to successful implementation of the Complete Community Framework.

### Strengths

- **Improvements in employee pay:** We have made healthy strides toward combatting compression and low pay relative to market. (See chart in Appendix).
- **Compensation analysis:** Consistently analyzing monetary and fringe compensation ensures targeted recruitment strategies are successful in addressing staffing challenges.
- **Strategic enterprise-software system:** We have implemented a system to maximize the use of existing technology, meet new needs with what we already have, negotiate for better pricing, and reinvest those funds into our enterprise. For example, implementing Teams calling replaced expensive telephone service and released funds for other software projects.
- **Digital processes:** Implementing digital processes allows us to do more with the same number of employees. It also provides a more modern and streamlined process for our community (online permits, digital signatures, online parking permits).
- **Building & Development Services improvement project:** A multi-year improvement project has increased morale, professionalism, and communication, as shown in the department engagement survey, and reduced turnover

- **Apprenticeship program:** Building & Development Services implemented an apprenticeship program to address the lack of qualified applicants in an innovative way.
- **Internal promotions:** Departments often look within the organization when promotional opportunities are available, which boosts morale, provides continuity, and keeps employees with the Town.
- **Overall quality of service:** 76% of respondents are at least satisfied with the overall quality of service from Town employees.

## Opportunities

- **Addressing pay and classification:** The Council has made significant progress in overcoming a backlog of employee pay compression and pay. Implementing the current pay study recommendations will align us with market rates and allow for routine adjustments in the future.
- **Enhanced communication strategies:** Stronger and better communication strategies can enhance community and employee engagement and satisfaction.
- **Investing in employee development:** Investing in employee development and competitive pay programs will improve service delivery and reduce turnover costs.
- **Software system investments:** Continuing to invest in software systems saves time and effort, requiring initial upfront investments. The Technology Steering Committee reviews and prioritizes all requests based on organizational benefit and cost. Priorities for next year include software to support public engagement, public records, work order management, IT security enhancements, policy management and hardware replacements (security cameras, public computing at the library).
- **Creating a Reception Center:** Merging some staff responsibilities in Human Resources and Development (HRD) and Building and Development Services (BDS) to create a Reception Center in Town Hall and saving money with a change to security.

## Weaknesses

- **Pay competitiveness:** We currently lag behind area competition in terms of pay. (See chart in Appendix) Council authorized a Pay and Classification study last year to address this.
- **Backlog of equipment needs:** A backlog of equipment needs leads to burnout and turnover, as indicated by the employee engagement survey.
- **Resource constraints:**
  - Only 8.2% of employees strongly agree that they have enough staff to do the work expected of them.
  - Only 18.4% of employees say they have the technology and equipment needed.



- **Outdated processes and technology:** Outdated processes and technology are inefficient. Enhanced technology helps streamline department operations and use existing staff more efficiently, avoiding the need to add more positions.
- **Reactive vs. proactive work:** The demands on departments cause work to be reactive rather than proactive in areas like training, policy development, systems improvement, and moving toward more efficient processes.
- **Turnover:** 28.8% of employees at least somewhat agree that they are planning to leave the organization.
- **Work-life balance:** 21.4% of employees at least somewhat agree that their job allows them to balance work and personal life.
- **Satisfaction:** 37% of employees are at least somewhat dissatisfied with their pay.
- **HRD staffing issues:** HRD staffing has been static for 10 years which means they cannot provide adequate service, are working outside their responsibilities, cannot support hiring and recruitment adequately, and cannot assist departments with creating needs analysis and efficiency studies for current and new positions, leading to the need to hire consultants.
- **Fleet replacement backlog:** There is a \$13 million fleet replacement backlog. While we have made progress on updating our aged fleet, situations where staff are sharing vehicles (e.g., Building and Development Services) result in inefficient service delivery.

### Threats

- **Uncertainty in the labor market:** Better recruitment and selection processes can help departments find and hire at the right level for the varied types of positions in local government.
- **Higher pay rates in surrounding municipalities:** Surrounding municipalities offering higher pay rates can lead to increased employee turnover, higher recruitment costs, and reduced job satisfaction.
- **Incivility toward employees:** There is a general trend of incivility toward local government employees.
- **Training funding:** There is a lack of funding for staff to receive training on rapid changes to federal regulations, state and other regulating boards.
- **Performance management and development:** Limited staff capacity and funding have prolonged the development of a performance management system and professional development programs.
- **Budgetary strain:** Inflation and market-driven cost increases are causing budgetary strain.
- **Staff burnout:** Due to factors like limited staffing, challenges with filling positions, and the increase in workload and expectations, staff is burned out and unable to sustain their current workload.

- 49.7% of employees feel moderately, extremely, or a lot burned out from their work.
- 57.1% of employees feel moderately, extremely, or a lot used up at the end of the workday.

### **Performance Measures from 3/26 Council Work Session:**

#### **Percentage of Employees Making the Market Rate for Their Pay Grade**

<b>Fiscal Year</b>	<b>Percentage</b>
FY22	55%
FY23	20%
FY24	37%

#### **Turnover Rate**

<b>Quarter</b>	<b>Turnover Rate</b>
FY24 Q1	14.6%
FY24 Q2	12.6%
FY24 Q3	12.1%
FY24 Q4	12.9%
FY25 Q1	12.1%
FY25 Q2	11.7%

#### **Length of Vacancies from Resignation Date to Hire Date**

<b>Fiscal Year</b>	<b>Length of Vacancies (days)</b>
FY22	91 days
FY23	92 days
FY24	64 days

#### Employee Survey Data:

	Percentage	Description
<b>Resources</b>	8.2%	Employees strongly agree they have enough staff to do the work expected of them.
<b>Resources</b>	18.4%	Employees say they have the technology and equipment needed.
<b>Exhaustion</b>	49.7%	Employees feel moderately, extremely, or a lot burned out from their work.
<b>Exhaustion</b>	57.1%	Employees feel moderately, extremely, or a lot used up at the end of the workday.
<b>Turnover</b>	28.8%	Employees at least somewhat agree that they are planning to leave the organization.
<b>Work-life Balance</b>	21.4%	Employees at least somewhat agree that their job allows them to balance work and personal life.
<b>Satisfaction</b>	37%	Employees are at least somewhat dissatisfied with their pay.

#### Community Survey Data:

Overall quality of service from Town employees (76% of respondents are at least satisfied)

## Connected Community

**Focus Area Statement:** To create a highly connected community where bicycling, walking, and transit are convenient, everyday choices for our neighborhoods, businesses, and public spaces are accessible to all residents without a car.

### Focus Area Goals:

- Continue implementation of current multi-modal plans to increase connectivity
- Work with transit partners to support long term financial sustainability of Chapel Hill Transit
- Implement Transit-Oriented-Development plans
- Implement Everywhere to Everywhere Greenways and explore funding options (fed, state, partnerships)

### Core Departments:

- Transit
- Parks and Recreation
- Public Works
- Parking Services
- Planning

**Complete Community Connections:** Greenways, transit-oriented, active transportation options, housing density supports transportation option.

### Strengths

- **Office of Mobility and Greenways:** The Office of Mobility and Greenways has been established and includes a \$500K annual allocation to implement the everywhere-to-everywhere greenways plans and other bicycle and pedestrian projects. The office also provides staff for the Vision Zero Coordinator and the Safe Routes to School Coordinator.
- **RAISE Grant:** We received a RAISE Grant of \$1.3 million, which includes a \$300,000 local match, for greenways design.
- **125 East Rosemary Parking Deck:** The 125 East Rosemary Parking Deck is a state-of-the-art facility that offers long-term potential for downtown parking expansion and supports the downtown innovation district.
- **Regional campaign and signage:** A regional campaign and enhanced signage are underway to increase public awareness and usage of downtown parking.

- **Transit:** Received over \$40M in grant funding including \$32M for NSBRT and over \$4M for bus stop investments and improvements. Transit continues to coordinate improvements with other Town departments that improve safety and mobility.

### Opportunities

- **Comprehensive LUMO rewrite:** Approve a comprehensive rewrite of LUMO (Land Use Management Ordinance) that streamlines processes, improves community outcomes and includes Transit supportive development opportunities.
- **Eliminate unprofitable private parking leases:** Eliminate unprofitable private parking leases to optimize resources.
- **Manage Wallace Deck lease:** Manage the Wallace Deck lease in a way that benefits the Parking Fund and supports Downtown.

### Weaknesses

- **Identifying sources for local match:** When we do not have dedicated funds for grant matches, we attempt to identify funds on a case-by-case basis, impacting other projects.
- **Street maintenance backlog:** There is a \$14.67 million street maintenance backlog.
- **Green space and greenways:** Green space and greenways have increased without a corresponding increase in the budget for mowing and landscaping. Staff is unable to maintain public lands to the satisfaction of residents.
- **Transit staffing:** The adopted Short Range Transit Plan determined we need 135 full time operator positions for current service levels; we have 120.
- **The adopted Short Range Transit Plan:** includes over \$15M in unfunded service needs.
- **Investments in Transit Fleet.** Staff recommends adding \$500K (Town's share is \$175K) to the Transit budget for future bus purchase needs.

### Threats

- **Reduced federal funding:** Reliance on federal funds and grants impact programs and staff positions in multiple town departments such as Planning, Affordable Housing, Police and the Manager's Office.
- **Reduced MPO/State funding:** Funding from the Metropolitan Planning Organization (MPO) and the State has been reduced.
- **Inflation and market-driven cost increases:** Inflation and market-driven cost increases are impacting our budget.
- **Funding deficit:** Funding from the Triangle West Transportation Planning Organization (formerly the DCHC MPO) will reduce the Town's FY 26 allocation by \$35,154, leaving a deficit of \$53,260 for staff salary and benefits.

**Performance Measures from 3/26 Council Work Session:**

<b>Fiscal Year</b>	<b>Total Chapel Hill Transit Customers</b>
FY22	3,423,355
FY23	3,722,516
FY24	3,921,578

**Number of mobility plan milestones reached**

<b>Fiscal Year</b>	<b>Milestone</b>
<b>FY24</b>	Secure additional federal funding for Estes Drive Bike-Ped Improvements
	Estes Drive completion (open to two-way traffic)
	Select consultant to design Estes Drive Extension Bike Ped Improvements
	Select consultants to design Bolin Creek Greenway Extension
	Initiate Estes Drive Extension Bike-Ped Improvements
	Initiate Bolin Creek Greenway Extension
	Secure federal funding for sidewalk gap project
	Received two federal Safe Streets for All demonstration grants
<b>FY25</b>	RAISE grant agreement signed
	Select consultant to design Cameron Ave Protected Bike Facilities
	Initiate Cameron Ave
	Execute contract with E2E consultant
	Kick-off Everywhere to Everywhere Greenways Feasibility Study at Council
	Select consultant for Tanyard Branch Connector
	Initiate Tanyard Branch connector
	Estes Ext. public engagement
	Bolin Creek public engagement
	Achieve 30% plan for Tanyard Branch Connector
	E Franklin & Estes Traffic Impact Analysis complete - 1st step in upcoming road diets
	Achieve 30% design for Morgan Creek Greenway East
	Achieve 60% design for Morgan Creek Greenway West
	Secured additional funding for Fordham Sidepath construction
	Secured grant funding for Wheels of Wellness

## Community Survey Data

### Community Infrastructure Satisfaction

Service	Percentage at Least Satisfied	Comparison to U.S. Average
Maintenance of Sidewalks	56.1%	9.4% above
Adequacy of Street Lighting	52.9%	5.6% below
Transportation Infrastructure	41.4%	0.9% above
Management of Traffic Flow	27.8%	17% below

The adopted short range transit plan, which included a robust public engagement effort, indicated needs for improved weekend service, increased service frequency, expanded hours of service of local (neighborhood routes) and improvements to bus stops. This mirrors what we have seen in our customer surveys as well.

## Economic and Financial Stewardship

**Focus Area Statement:** To support a vibrant economy by supporting business development, jobs creation, and entrepreneurship by balancing our tax base to support a diverse community.

### Focus Area Goals

- Continue implementation of ReVive plan, focusing on women and minority businesses
- Continue Town/Gown collaboration, with a focus on entrepreneurs, innovators, and housing for employees
- Continue implementation of Downtown Together plan, with focus on downtown revitalization

### Core Departments:

- Economic Development
- Planning
- Business Management

### Complete Community Connections:

Support innovation & entrepreneurship, social innovation/non-profit incubators, UNC presence

### Strengths

- **Completed Downtown Together plan:** The list of improvements and initiatives compiled by the Downtown Together team is complete.
- **Budget priorities:** Many priorities are being achieved within the current budget, reducing the need for significant additional funding.
- **Economic growth:** Strong ties with workforce development agencies and local businesses are bolstering economic growth.
- **Inspections modernization:** A multi-year project to modernize and streamline Inspections is paying off with high customer satisfaction and the ability to meet needs without additional staff.
- **Enterprise software investment:** Investing in an enterprise software model has allowed Building & Development Services to decrease the overall number of positions in the Permit Center while increasing the level of service.
- **Business pre-walk:** We offer a complimentary, non-punitive business pre-walk with Building & Development Services staff, guiding patrons to the correct path before opening a business in Chapel Hill.

### Opportunities

- **Credit card fees:** As we update software platforms, we have begun to charge credit card fees to the consumer, shifting the cost from taxpayers. We can continue this approach as



we update new systems, such as parks and recreation and parking, being mindful of who is impacted in the community.

- **Innovation District and small business support:** Efforts in the Innovation District and support for small businesses could boost tax revenue and attract outside investment.
- **Parking system leverage:** We can leverage the parking system as a support tool for broader economic development goals downtown.
- **Increasing parking utilization:** Ongoing actions to increase parking utilization, such as ending Wallace leases, improving signage, and launching a regional marketing campaign, could begin improving revenue performance in FY26.

### Weaknesses

- **Tax collection fees:** Orange County and Durham County charge us a fee for collecting our taxes, which increases as revenues grow.
- **Slow growing tax base:** Our typical “natural” growth is relatively slow (see Tax Base chart)
- **Grant funding reliance:** Programs like the language access initiative and CARES team, which currently rely on grant funding, will need a new funding source beyond 2025.
- **Public records request system:** The current public records request system is inefficient and time-consuming, affecting transparency, public trust, and employee workload.
- **Limited funding:** Limited funding reduces our ability to expand services that align with community needs and council priorities.
- **Affordable housing fee waivers:** Waiving all development-related fees for affordable housing reduces the revenue the Town would have collected. Over the past 5 years, nearly \$700,000 in development application fees with the Planning Department have been waived. Building & Development Services has waived another \$250,000+ in permit and additional service fees and has provided a rebate for an additional \$232,000 for sustainable building. We’ve also waived about \$7,000 in engineering construction permit (ECP) and engineering/Stormwater inspection costs
- **Rosemary Deck revenues:** Revenues from the Rosemary Deck are below projections, limiting the sustainability of the enterprise fund.
- **Parking infrastructure costs:** Recurring parking infrastructure costs, such as elevator maintenance (\$20K), HVAC (\$7.5K), and green wall maintenance (\$2.45K), add financial pressure.

### Threats

- **Rising costs:** All departments and divisions are experiencing rising costs due to inflation, supply chain issues, and tariffs, affecting purchases, contracted services, equipment, and projects.
- **Funding shortfalls:** Funding shortfalls could delay key initiatives, such as branding, emergency preparedness, housing initiatives, and climate action.

- **Service and infrastructure maintenance:** Funding shortfalls could impact the Town's ability to maintain services and infrastructure.
- **Permitting fees:** Raising revenues through increased permitting fees would be very unpopular, as patrons already feel they are high, even though they average less than 2% of total project costs.
- **Development slump:** A slump in large development projects is limiting revenues in Building & Development Services. While the revenue trend is improving as more projects enter the pipeline, the impact of funding, tariffs and general economic health remains uncertain.
- **Parking revenue sensitivity:** Parking revenue is sensitive to economic downturns and the health of downtown businesses.
- **Rosemary Deck funding:** While the 125 East Rosemary Deck is still ramping up, the current funding plan does not yet address the Parking Fund shortfall (\$1–\$1.5M), creating potential near-term structural risks if deck revenues do not grow as expected.
- **Parking system vulnerability:** The parking operation depends heavily on a small number of assets, making the system vulnerable to underperformance.

#### Performance Measures from 3/26 Council Work Session:

##### Tax Base Ratio of Commercial to Residential

Year	Residential Tax Base	Commercial Tax Base
2024	68.6%	31.4%
2025	71.8%	28.2%

##### Sales Tax Revenue Growth Year Over Year

Fiscal Year	Growth
FY22	11.87%
FY23	9.57%
FY24	2.52%

### 10-Year Payout Ratio (Debt Repayment)

Fiscal Year	Payout Ratio	Comparison to Target
FY22	65.4%	10.4% above target
FY23	67.6%	12.6% above target
FY24	66.6%	11.6% above target

**Notes:**

- NC Treasurer's Minimum Payout Ratio: 50%
- NC Treasurer's Target Payout Ratio: 55%

### Community Survey Connections:

Service	Percentage at Least Satisfied	Comparison to U.S. Average (where available)
Value of tax dollars and fees	42.4%	9.5% above
Overall quality of services provided by the Town	72.7%	23.7% above
Town's planning for the future	27%	-
Planning and development services	24%	-

## Safe Community

**Strategic Focus Area Statement:** To embrace a holistic approach to making Chapel Hill a healthy, safe, and supportive community in which to live, work, and visit. Stable and safe housing makes stable and safe communities.

**Complete Community Connections:** Friendly to children and seniors, non-able-bodied, and the whole population, access to affordable housing

### Focus Area Goals:

- Continue implementing Reimagining Community Safety recommendations
- Continue implementing Vision Zero Strategy
- Clarify roles for Town and County and continue collaborative partnerships to address homelessness, mental health, substance use, and other community issues
- Focus on safety in densely populated and connected communities

### Core Departments:

- Police
- Fire
- Emergency Management
- Building & Development Services
- Public Works
- Technology Solutions
- Affordable Housing and Community Connections
- DEI Office

### Strengths

- **Reimagining Community Safety (RICS) recommendations:** The Police Department has implemented multiple RICS recommendations, including the CARE Team, non-sworn call takers, a crisis counselor in the 911 call center, and the CARS team.
- **Response times:** Public safety response times are well under the established national standards.
- **Employee health and well-being:** Recently implemented peer support, fitness, and wellness programs support the health and well-being of public safety employees in response to employee burnout and to retain existing employees.
- **Community assistance:** The PD CARE team and Diversion Social Worker collaborate with partners to assist community members experiencing homelessness, mental health issues, substance use, and related challenges.

- **Vision Zero progress:** Significant progress has been made toward Vision Zero, including the installation of pedestrian refuge islands, speed limit reductions on residential streets, and reduced right turns at high-pedestrian intersections. Transit is coordinating improvements with Vision Zero, including investments to improve mobility through ADA compliant infrastructure.
- **Mobility Team:** a cross-department team that evaluates bicycle and pedestrian improvements, complaints, and projects in the town.
- **Data-driven decision making:** PD uses virtual reporting, crash report analysis, and response tracking to improve efficiency and response times.
- **Emergency preparedness:** Proactive emergency preparedness and resilience planning enhance safety and disaster readiness.
- **Electric vehicle safety:** New tactics like fire blankets and immobilizing technology have been implemented to protect the community from the unique risks of electric vehicles, such as our nationally recognized electric bus fire response.
- **Fire station rebuilds:** Fire station rebuilds are in progress, addressing a significant part of our backlog. Once funding for staff is secured, a multi-company strategy will be implemented to address the demands of increased density without requiring additional fire stations.
- **Planning Ambassadors Program:** This program increases participation in Town-led planning processes, improves trust, and connects with systematically under-engaged populations in planning-related processes and topics, fostering a supportive and inclusive community.

## Opportunities

- **PD crisis staff:** Adding additional PD crisis staff would allow for 24-hour on-site counselors, completing a key RICS priority.
- **Technology upgrades:** Software and hardware upgrades improve efficiency and the level of service to the community.
- **Greenway connectivity:** Better greenway connectivity reduces bicycle and pedestrian interactions with vehicles on the roadways, enhancing safety.
- **Resilience and emergency planning:** Investing in resilience and emergency planning helps mitigate future disaster-related costs and their impacts.
- **Public safety staffing:** Investing in additional public safety staff increases the effectiveness and satisfaction of existing staff, meets increasing demand for services, and prepares for the rising threats of climate change.
- **Animal control program:** The Police Department could collaborate with neighboring municipalities to launch an animal control program, reducing the impact of cost increases at the county level. This would require initial implementation funding and would not realize a savings until at least year three.

- **Outreach and education:** Coordinated outreach and education amongst departments to help set up new neighborhoods for success and reduce enforcement actions.

## Weaknesses

- **Pay and benefits:** Many positions lag behind in pay and fringe benefits, limiting the pool of qualified candidates.
- **Overworked staff:** Overworked staff are more likely to make mistakes or miss violations, making the community less safe.
- **Staffing and equipment needs:** Meeting staffing and equipment needs is essential to reduce the workload on critical safety staff in the field.
- **Apprenticeship program:** The innovative apprenticeship program to grow the pool of qualified inspectors has been suspended by the state due to funding and lack of available State staff to teach the course because they have been reassigned to assist with urgent inspections in the Western part of the state.
- **Training investment:** There is a significant time and monetary investment required to train new staff.
- **Career progression:** Lack of career progression opportunities for professional staff hinders retention and morale.
- **Street maintenance funding:** Public Works needs \$250k for street resurfacing. Resident satisfaction with street maintenance decreased by 17% from 2009 to 2018. Delaying resurfacing will lead to more costly repairs, and at the current funding level, streets would be repaved once every 82.5 years.
- **Vehicle replacement funding:** Public Works needs \$359k to add retained frontline vehicles back to the fleet and \$250k for increased vehicle replacement funding.
- **Fire engine maintenance:** Fire engines are in service years past their scheduled retirement, making them more expensive to maintain, less safe, less reliable, and unable to use modern equipment and electronics.
- **Additional staffing resources:** Public Works needs a traffic operations coordinator position (\$118k from the general fund) and a fleet technician (\$109k in a budget add).
- **Facilities management funding:** The Public Works Facilities Management Division, which maintains 22 major facilities, 23 supporting facilities, and assists with 2 parking decks, requires a sustainable funding level of \$1.65M annually. The Town can reach this goal by FY29 with an additional \$250,000 annually.
- **Underfunded essential police services:** Essential Police Services are underfunded due to unanticipated increases by vendors and other organizations (software, equipment, animal control contracts).
- **Personal Protection Equipment (PPE) & supplies:** Underfunded PPE and EMS supplies mean the department is using expired or used supplies, putting lives and health at risk and creating legal exposure for the Town.

- **Recruitment and training costs:** The high cost and lengthy time to recruit and train public safety employees (e.g., \$44,030 per fully trained and operational police officer) strain the budget and slow staffing response.
- **Increasing call volume:** The Fire department's call volume is significantly increasing year-over-year, leading to strain on staff and equipment and runaway overages in mandatory overtime.
- **Fire department staffing:** Fire department staffing has not increased at the same rate as approvals for high-rise and mid-rise developments. Multiple companies per station are needed to contain structure fires in denser development.
- **Aging equipment and infrastructure:** Aging public safety equipment and infrastructure lead to more employee and vehicle downtime, eventually resulting in increased response times and higher repair and replacement costs.

## Threats

- **Competition for employees:** Neighboring agencies are competing for both current employees and recruits.
- **Funding for RICS programs:** The Police Department's CARE Team, non-sworn call takers, and social worker in the 911 call center were implemented with grant funding and by freezing sworn officer positions. To continue these programs, replacement funding is needed as it is not sustainable or safe to freeze additional officer positions.
- **Public perception and trust:** Reducing services like Police CARE and crisis response could risk public perception and community trust.
- **Loss of federal funds:** There is a risk of losing federal funds for equipment, personnel, and disaster response/recovery.
- **Increased costs:** Costs are increasing across the board. For public works, this means \$150k of its \$348k general fund. The cost of PPE has more than doubled, increasing by 220%.
- **New tariffs:** Anticipated new tariffs will impact the cost of technology hardware, vehicles, vehicle parts, and facilities systems (e.g., HVAC, fire apparatus builds).
- **Vehicle maintenance backlog:** The cost to maintain our older fleet is notably more expensive due to major system failures. The downtime associated with the older fleet affects our team's ability to serve our community.
- **Budget constraints of outside agencies:** Outside agencies facing budget constraints will request additional funding from the Town.
- **Fire department staffing:** The Fire Department is unable to meet national standards for fire service and fire code inspections with the current staffing levels.
- **NCDOT barriers:** There are barriers with NCDOT that hinder making safety improvements to state-maintained roads.

- **Resource strain:** More frequent natural disasters, public demonstrations, and large-scale community events may strain resources if preparedness measures are underfunded.
- **Technology updates:** Delaying updates to technology systems increases the risk of security vulnerabilities and the likelihood of experiencing a cyber incident.
- **Legislative changes:** Legislative changes and approval agencies outside the Town have added undue burdens to completing reviews.
- **Safe Routes to School grant:** To continue the Safe Routes to School grant, the Town would need to provide a local match of \$28,320. The grant funds staff, programming, supplies, plans, safety projects, and events to promote biking and walking to school.

### Performance Measures from 3/26 Council Work Session:

#### Fire Response Times in the 90th Percentile (in seconds)

Fiscal Year	Response Time (seconds)	Comparison to Benchmark
FY22	371	21.8% better
FY23	451	5.5% better
FY24	666	28.9% worse

#### Number of Crisis Diversion Responses (CARE Team Responses)

Time Period	Total Calls	Unique Individuals	Arrests	Hospital Transport for Medical Needs	Hospital Transport for Mental Health/Substance Needs
May 2024 - Mid-March 2025	1288	721	98% no arrest	2.8%	3.7%

#### Governor Highway Safety Initiatives

#	Initiative
16	Drivers Education Courses
93	Pedestrian/Bicycle education or enforcement initiatives



### Community Survey Data:

Service	% satisfied or very satisfied with professionalism of personnel
Police	77%
Fire	92%

Metric	Percentage at Least Satisfied	Comparison to U.S. Average
Overall feeling of safety in Town	76.9%	10.9% above
Police safety, education, and outreach	70.7%	33.5% above
Fire safety, education, and outreach	78.7%	30.1% above
Fire services	86.4%	10.2% above

## Affordable Housing and Housing Production

**Strategic Focus Area Statement:** To increase housing access across a range of incomes and housing types and achieve equitable housing outcomes for historically marginalized populations.

### Core Departments:

- Public Housing
- Affordable Housing and Community Connections
- Planning
- Transit

### Focus Area Goals:

- Increase availability of affordable housing
- Preserve existing affordable housing
- Sustainably manage public and transitional housing
- Increase production and diversity of housing

**Complete Community Connections:** Housing diversity, access to home ownership, live/work neighborhoods with access to sustainable transportation options

### Strengths

- **Affordable Housing Plan and Investment Strategy:** A Council-approved Affordable Housing and Investment Plan establishes the need, goals, strategies, and funding options to address the community's affordable housing needs.
- **Increase in funding tools for affordable housing:**
  - Affordable Housing bond funds: \$15M.
  - Affordable Housing Loan Fund: \$20M fund (leverages \$19.2M in external resources)
- **Existing programs:**
  - Employee Housing Program: Provides homeownership and rental assistance for Town employees to live closer to where they work.
  - Inclusionary Housing Program: Supports implementation of the Town's policy.
  - Transitional Housing Program: Supports public housing residents with opportunities to work towards homeownership or renting on the private market.
  - Affordable Housing Funding Program: Provides local funding to support affordable housing development and preservation projects.
- **Public Housing Program:** Owns and manages 296 units of affordable rental housing that serves extremely low-income households.

- **Performance measurement:** Established tools to track progress, including **quarterly reports and an Affordable Housing Dashboard.**
- **Community partnerships:** Strong partnerships with community organizations.
- **Council policies:**
  - **New affordable units:** Policies to create new affordable units in market-rate developments.
  - **Fee waivers:** Fee waivers for affordable housing projects. Over the past 5 years, nearly \$700,000 in development application fees with the Planning Department have been waived. Building & Development Services has waived another \$250,000+ in permit and additional service fees and has provided a rebate for an additional \$232,000 for sustainable building. We've also waived about \$7,000 in engineering construction permit (ECP) and engineering/Stormwater inspection costs
  - **Expedited review:** Expedited development review process for affordable housing projects. To date, four projects have been approved using the new process.
- **Inclusive engagement:** The Planning Department provides development-related notices to both owners and renters to enhance inclusive engagement.

## Opportunities

- **Transit proximity:** Prioritize development of affordable housing within ½ mile of transit stops.
- **Public Housing Repositioning Plan:** Develop a comprehensive sustainability plan for the future of our public housing properties.
- **LUMO Rewrite:** Complete the LUMO (Land Use Management Ordinance) rewrite with regulations aiming to remove barriers to increase housing production.
- **Zoning Map Updates:** Update the zoning map to align with new development goals.
- **Comprehensive Plan:** Create a new Comprehensive Plan to guide future development and growth.
- **New partnerships:** Form new partnerships to support housing and development initiatives.
- **Residential plan review:** Reinstate complimentary detailed residential plan review and approval processes for one- and two-family dwellings to prevent costly mistakes for homeowners.
- **Remodeling of 317 Caldwell Street:** Facility could serve as a community hub and office for entire Affordable Housing and Community Connections department while addressing overcrowding at Town Hall.

## Weaknesses

- **Complex land use regulations:** Current complex land use regulations add costs to housing development.
- **Funding for plans:** Secure funding to implement the Affordable Housing Plan and the Public Housing Repositioning Plan to meet the community's housing needs.
- **Filling vacancies:** Address vacancies in the Public Housing division to ensure effective service delivery.
- **Inadequate resources to fully implement our Affordable Housing Plan:** Limited funding prevents us from launching or expanding rental assistance, down payment and rental assistance programs consistent with Council's approved Affordable Housing Plan. We have approximately half of the \$50M needed for full implementation of our Plan.

## Threats

- **Uncertainty of federal funding:** The uncertainty of federal funding for Public Housing and Community Development Block Grants (CDBG) poses a significant challenge.
- **Potential loss of funding:** There is a potential loss of funding for 296 public housing units, which could have severe impacts on vulnerable households.
- **HUD system failures:** Technology failures within the HUD system have caused additional issues.
- **Increased demand for services:** Reductions in County-administered programs have led to a surge in demand for homelessness services, rental assistance, and housing navigation assistance from the Town.
- **Lack of HUD training:** Staff have not received adequate HUD-specific training, which can affect the efficiency and effectiveness of our public housing program.
- **Delayed renovations:** Delaying needed renovations to our units impacts residents and will result in higher costs in the future.

## Performance Measures from 3/26 Council Work Session:

Fiscal Year	Percentage of Total Units Approved by Council that are Affordable	Number of New Affordable Housing Units Built	Number of Affordable Homes Preserved with Town's Financial Support
FY22	28%	11	13
FY23	7%	25	16
FY24	18%	6	36

### **Community Survey Data**

Equitable addressing of social, economic, and racial equity differences in housing: 50% of respondents agreed or strongly agreed.

## PART 3 : BUDGET SCENARIOS

The scenarios are illustrative of how increased revenues could be allocated to support Town goals. They are not recommendations but are intended to inform the Council's discussion about priorities and guidance for developing this year's budget.

These scenarios focus on services funded by the General Fund, Debt Fund, and Transit Fund because those are the ones that are paid for (in part or whole) by property taxes. Other enterprise funds are paid for via a "fee" or federal/state funding.

It's also worth noting that existing "penny for" allocations cannot scale up without increasing dedicated funding.

- **Our current tax rate is 59.2 cents** per \$100 assessed valuation. Council can choose to set a new tax rate.
- **The Revenue neutral tax rate**, which we are required to publish, but not adopt, **would be 44.2 cents** per \$100 assessed valuation.
- Your **"penny budget" is 15 cents**.
- A penny is worth \$1,321,000

## Scenario 1: Revenue Neutral

This scenario illustrates what it would look like to roll back to the revenue neutral tax rate of 44.2 cents.

The value of a penny = \$1,321,000

This scenario would:

1. Appropriate up to \$1 million of fund balance (BMD Director does not recommend going above this threshold) at a cost of \$1,563,707
2. Project up to 2% sales tax growth (BMD Director does not recommend going above this threshold) which finds \$430,569 as an alternate revenue source
3. Not provide an annual pay increase for our employees at a \$2,265,518 savings
4. Still account for required increases in the LGERS and medical insurance
5. Still account for increases in utilities and other required annual commitments
6. Would require some combination of budget reductions to be recommended by Council of \$553,682 (could include staffing, operations, programs (Council priorities such as Affordable Housing, climate action etc.), vehicles, facilities, outside agencies etc.)

Revenue Neutral Tax Rate (44.2)	\$ Impact	Penny Impact
Revenue Neutral	86,613-138	44.2
Appropriating \$1M fund balance	1,563,707	1.18
Sales tax growth @ 2%	(430,569)	(0.33)
No Pay Increase	(2,265,518)	(1.72)
Annual LGERS Increase	311,686	0.24
Annual Medical Increase	280,573	0.21
Utility & Software Increases	398,855	0.30
Tax Collection Fees	175,000	0.13
Election Costs	65,000	0.05
Rogers Road	204,948	0.16
PD Operations @ new facility	250,000	0.19
Budget Reductions	<u>(553,682)</u>	<u>(0.42)</u>
TOTAL	86,613,138	44.2

## Scenario 2: Revenue Neutral Plus Reduced Base Budget

This scenario illustrates what it would look like to set the tax rate at revenue neutral + 1/2 of the new base as originally shared by staff on 3/26 for a new rate of 46.7.

The value of a penny = \$1,321,000

This scenario would:

1. Appropriate up to \$1 million of fund balance (BMD Director does not recommend going above this threshold) at a cost of \$1,563,707
2. Project up to 2% sales tax growth (BMD Director does not recommend going above this threshold) which finds \$430,569 as an alternate revenue source
3. Provide a 3% annual pay increase for our employees (rather than a 5% increase)
4. Still account for required increases in the LGERS and medical insurance
5. Still account for increases in utilities and other required annual commitments
6. Would require some combination of budget reductions to be recommended by Council of \$1,050,000 (could include staffing, operations, programs (Council priorities such as Affordable Housing, climate action etc.), vehicles, facilities, outside agencies etc.)

Revenue Neutral Tax Rate + Reduced Base		
Budget (44.2 + 2.5 = 46.7)	\$ Impact	Penny Impact
Revenue Neutral	86,613,138	44.2
Appropriating \$1M fund balance	1,563,707	1.18
Sales tax growth @ 2%	(430,569)	(0.33)
3% Annual Pay Increase	1,542,581	1.17
Annual LGERS Increase	311,686	0.24
Annual Medical Increase	280,573	0.21
Utility & Software Increases	398,855	0.30
Tax Collection Fees	175,000	0.13
Election Costs	65,000	0.05
Rogers Road	204,948	0.16
PD Operations @ new facility	250,000	0.19
Budget Reductions	<u>(1,050,000)</u>	<u>(0.79)</u>
	3,311,781	2.5
TOTAL	89,924,919	46.7



## Scenario 3: Revenue Neutral Plus Base Budget

This scenario illustrates what it would look like to set the tax rate at the new base as originally shared by staff on 3/26 for a new rate of 49.2.

The value of a penny = \$1,321,000

This scenario would:

1. Stop appropriating fund balance
2. Be conservative based on current market conditions and hold sales tax growth flat
3. Provide a 5% annual pay increase for our employees
4. Account for required increases in the LGERS and medical insurance
5. Account for increases in utilities and other required annual commitments

<b>Revenue Neutral Tax Rate + Base Budget (44.2 + 5.0 = 49.2)</b>	<b>\$ Equivalent</b>	<b>Penny Equivalent</b>
Revenue Neutral	86,613,138	44.2
Stop appropriating fund balance	2,563,707	1.94
5% Annual Pay Increase	2,442,438	1.85
Annual LGERS Increase	311,686	0.24
Annual Medical Increase	280,573	0.21
Utility & Software Increases	398,855	0.30
Tax Collection Fees	175,000	0.13
Election Costs	65,000	0.05
Rogers Road	204,948	0.16
PD Operations @ new facility	<u>250,000</u>	<u>0.19</u>
	6,692,207	5.0
<b>TOTAL</b>	<b>93,305,345</b>	<b>49.2</b>

## Scenario 4: Base Plus

This scenario assumes that Council would like to set the tax rate at the new base as originally shared by staff on 3/26 plus make additions to priority areas.

Council can recommend additions to or reductions from priority areas to get anywhere from the base budget (+5) to the current tax rate (base 5 +10).

The list of adds can all be done now in FY 2026 or it can be spread over a 5-year period understanding that this Council cannot bind future Councils to a budget decision.

<b>Base Budget (49.2 + ? = ?)</b>	<b>\$ Equivalent</b>	<b>Penny Equivalent</b>
Revenue Neutral	86,613,138	44.2
Stop appropriating fund balance	2,563,707	1.94
5% Annual Pay Increase	2,442,438	1.85
Annual LGERS Increase	311,686	0.24
Annual Medical Increase	280,573	0.21
Utility & Software Increases	398,855	0.30
Tax Collection Fees	175,000	0.13
Election Costs	65,000	0.05
Rogers Road	204,948	0.16
PD Operations @ new facility	250,000	0.19
TOTAL BASE	6,692,207	5.0

**List of items with a set cost or a sustainable annual allocation target:**

***Note: we have listed a tax equivalent range here to account for the \$0-\$max ranges***

Pay & Class implementation	900,000	0.68
Program increases	1,500,000	0 - 1.14
Program expansions	2,500,000	0 - 1.89
Vehicle replacements	1,200,000	0 - 0.91
Facilities maintenance	810,000	0 - 0.61
Street maintenance and resurfacing	3,980,000	0 – 3.01
Fire capital	1,000,000	0 - 0.76
Transit	2,000,000	0 - 1.51
Federal set aside	2,532,000	0 - 1.92

**List of priorities where any portion of a penny can be added or reduced:**

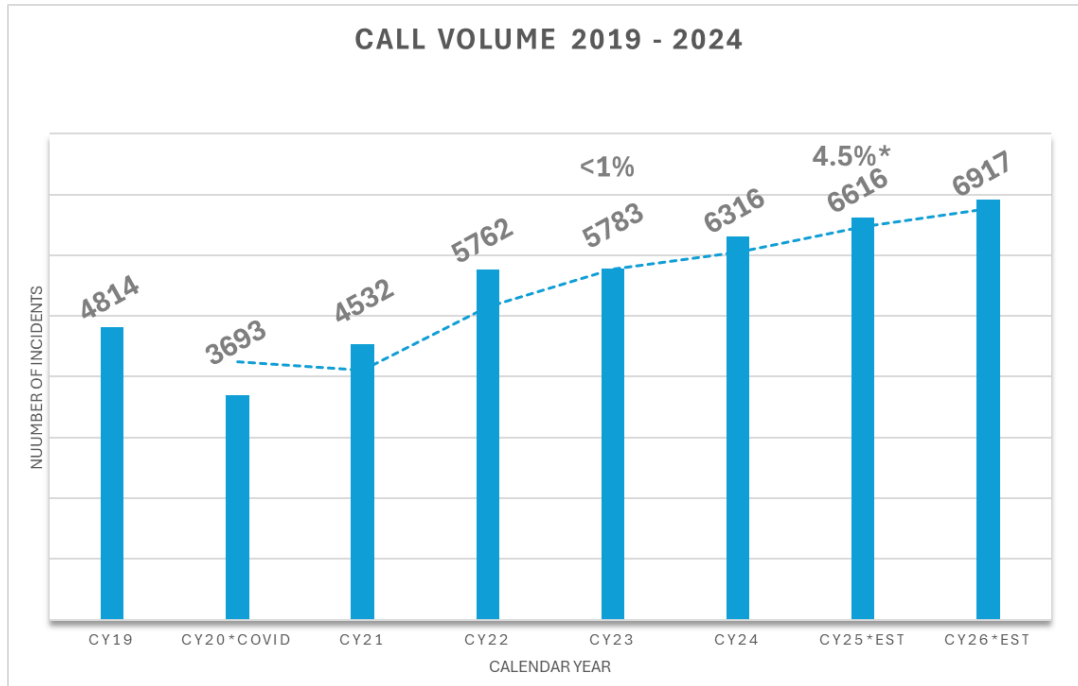
Affordable housing	1,321,000	1.00
Climate action	1,321,000	1.00
Everywhere-to-Everywhere	1,321,000	1.00
New debt	1,321,000	1.00
Reductions	(1,321,000)	(1.00)

**List of priorities where total cost hasn't been identified:**

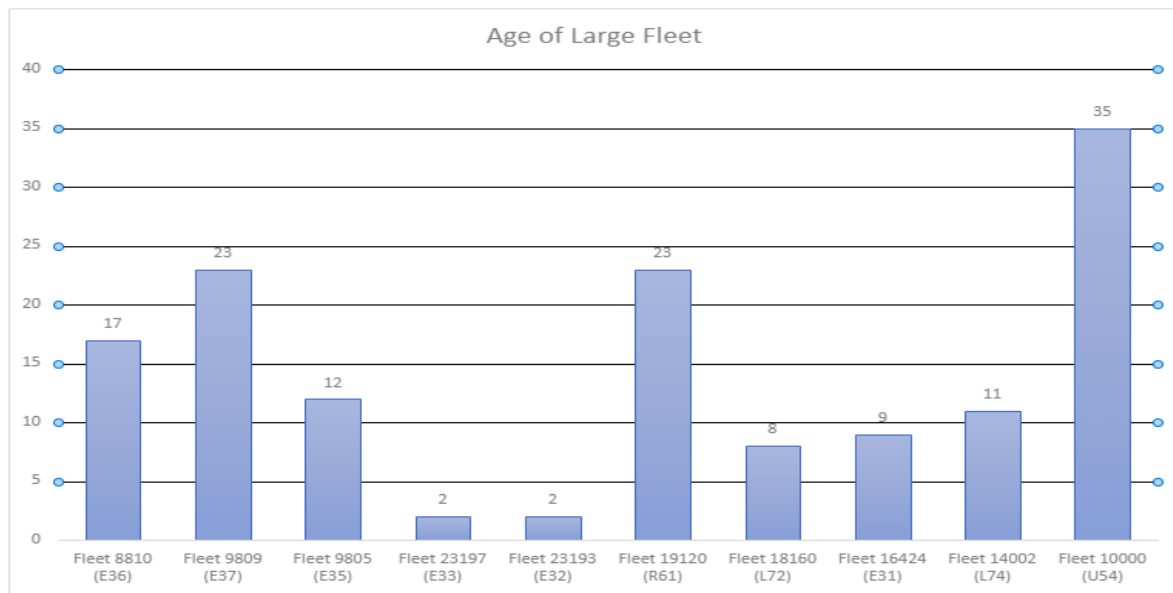
Coal ash	For discussion
Performance agreements (outside agencies)	For discussion

## PART 4: REFERENCED DATA

**Call volume to fire department.** Increases in Year-Over-Year leading to strain on staff and equipment, and runaway overages in mandatory overtime

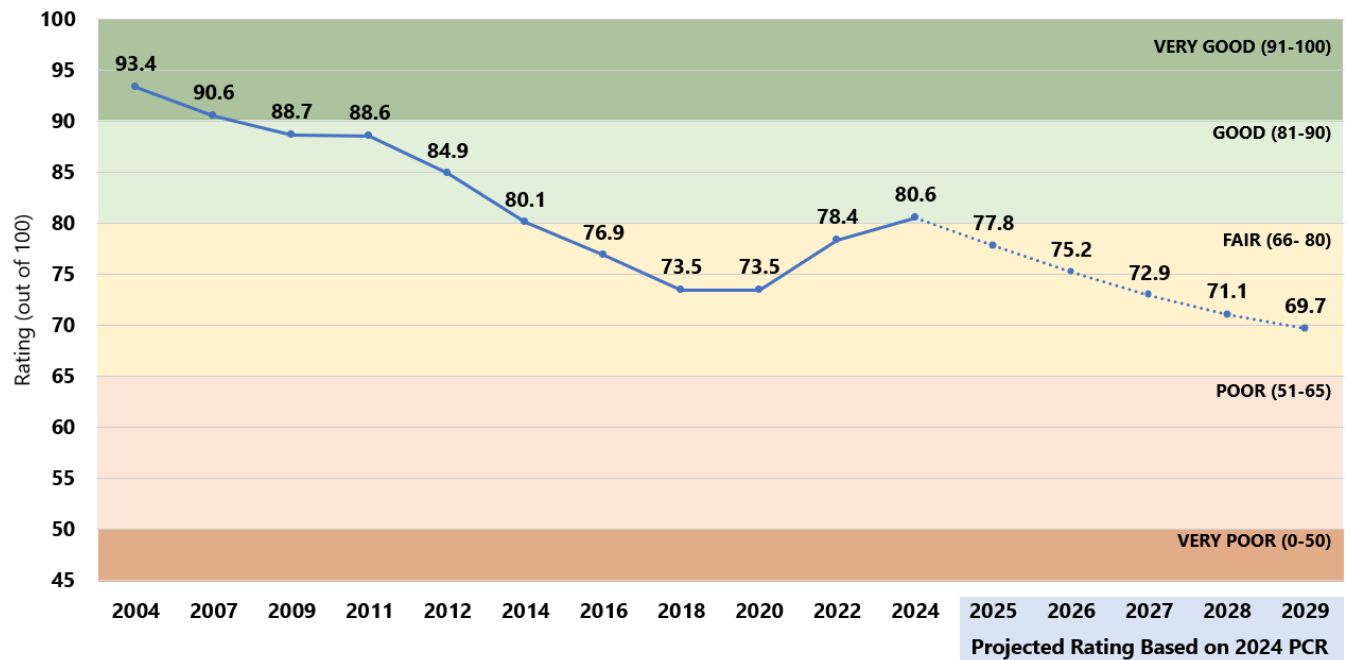


### Age of Fire Fleet Vehicles in Years



## 2004-2029 Pavement Condition Evaluation Data

Source: 2024 Pavement Condition Evaluation Report from LaBella Associates (consultant)



## Street Maintenance

Current Backlog of Needs \$14.67M

Current FY25 Annual Budget \$818,515

Sustainable Annual Funding Need \$4.8M\*

**Funding Gap (\$3.98M)**

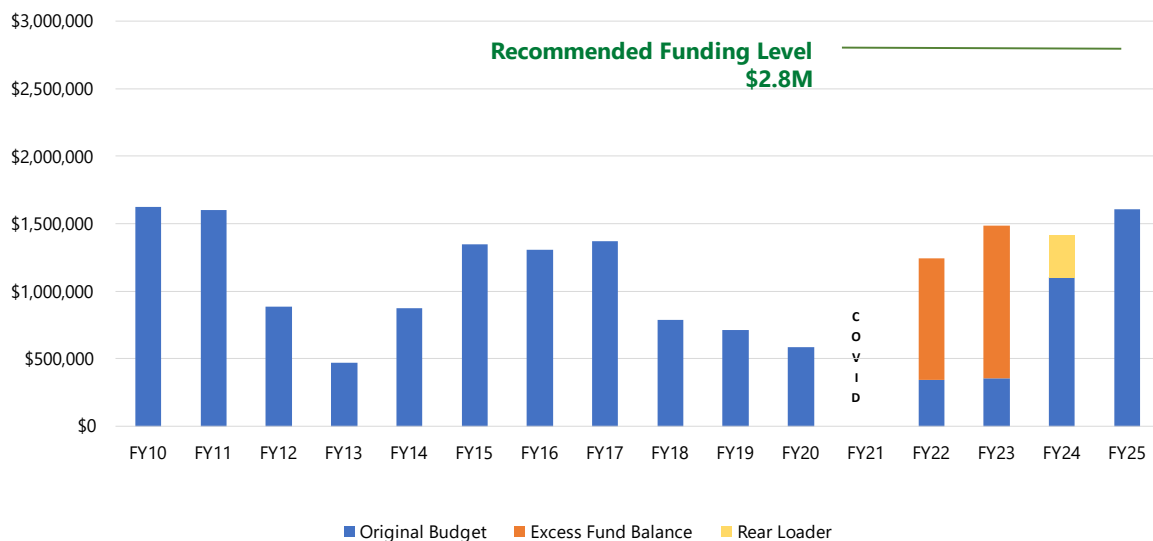
\*Once we reach a sustainable funding level, it will take up to fifteen years to realize the full benefit of reduction in maintenance costs.

## Facilities Maintenance

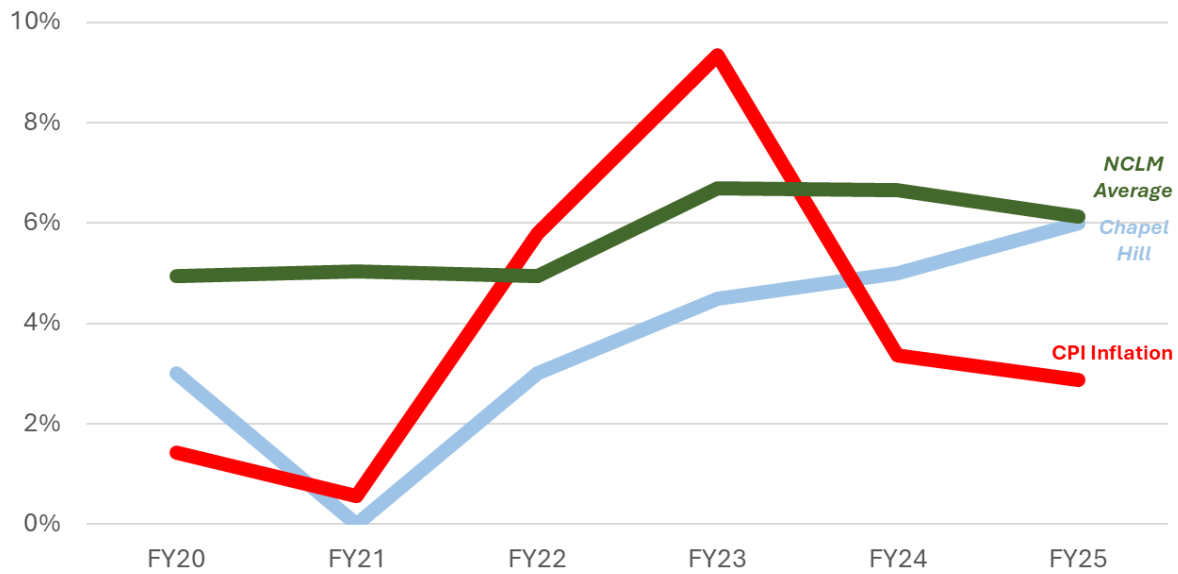
Current Identified Needs	\$14M
Current FY25 Annual Budget	\$840K
Sustainable Annual Funding Need	\$1.65M*
<b>Funding Gap</b>	<b>(\$810K)</b>

\*Once we reach a sustainable funding level, it will take years to address the backlog of needs and to eliminate additional repair costs due excessive age.

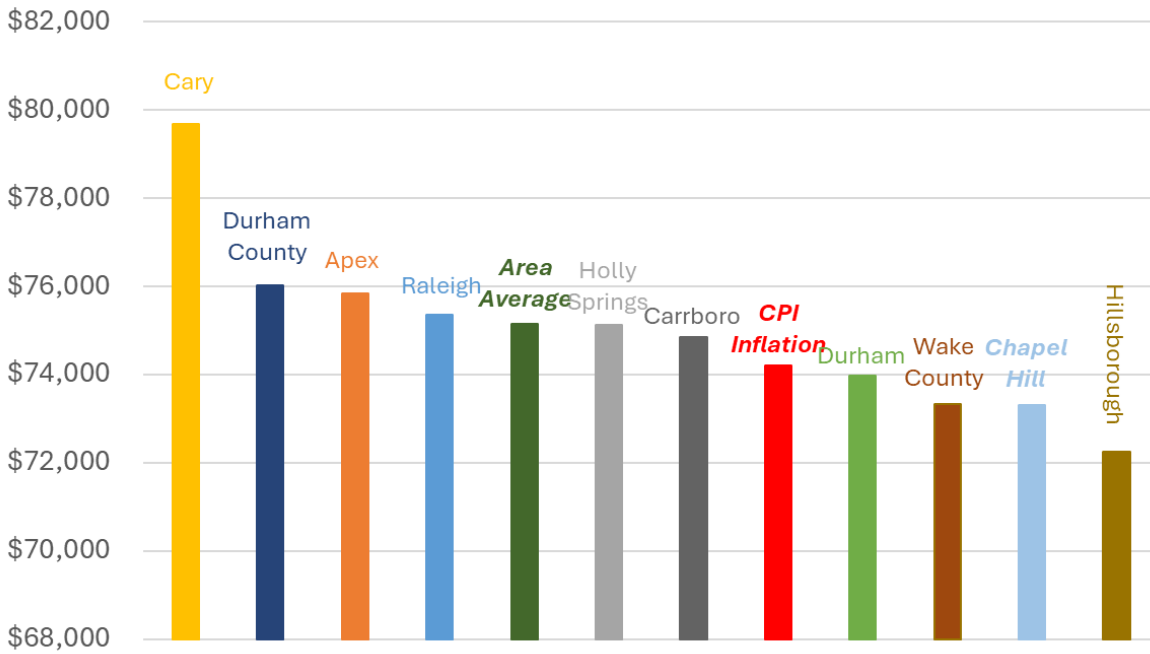
## Fleet Replacement - \$13M Backlog



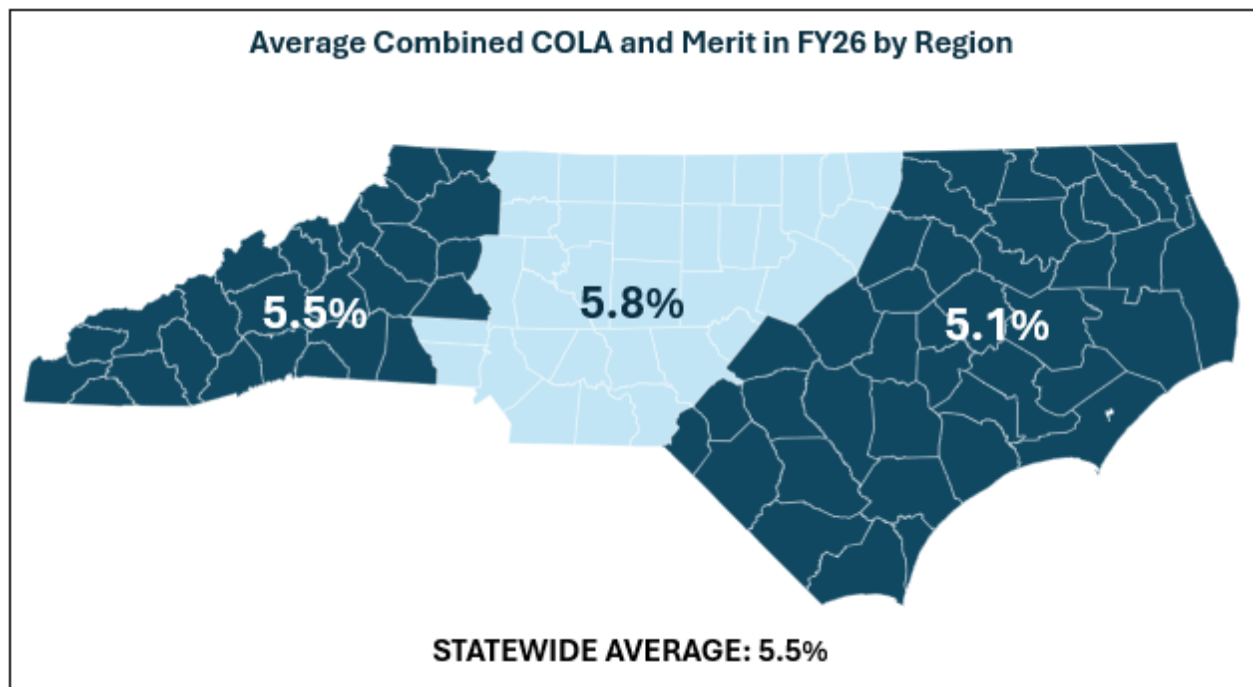
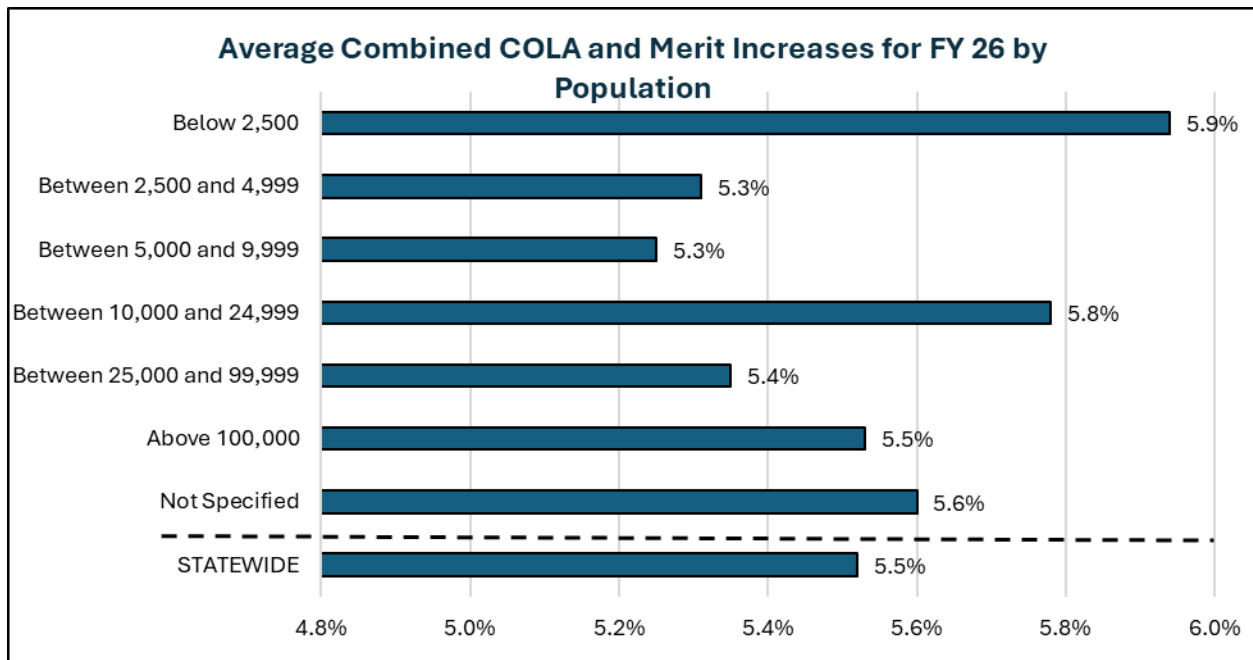
## Combined COLA/Merit Increases FY20-FY25



## What does \$60,000 in FY20 make today?



## FY26 NC League of Municipalities Pay Survey Data

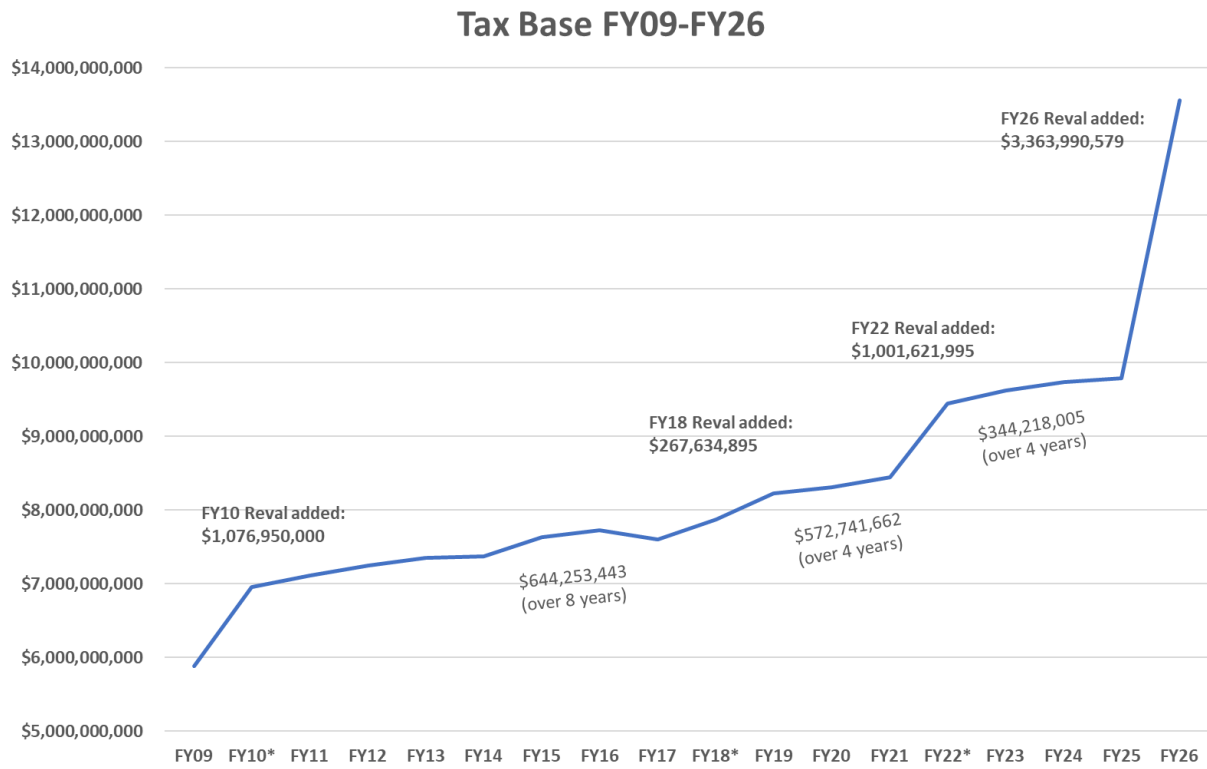
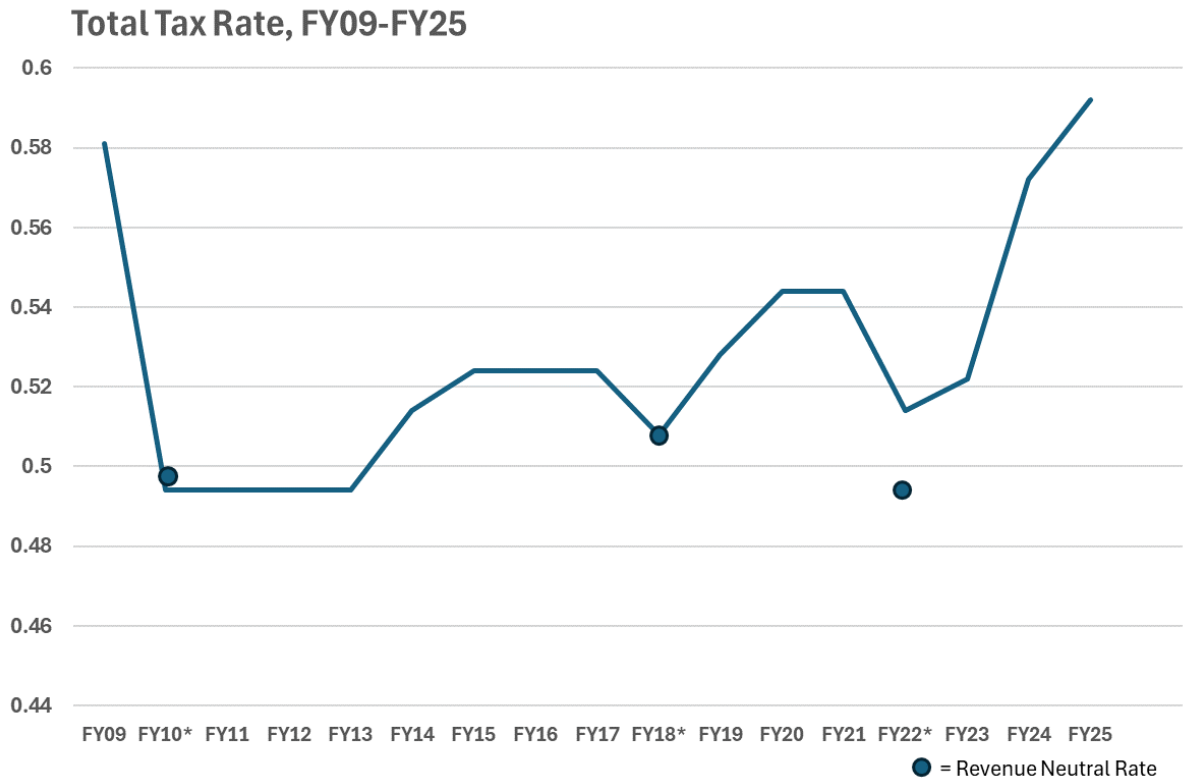




### Personnel Adds By Department

	2022-23 <sup>1</sup>	2023-24 <sup>2</sup>	2024-25 <sup>3</sup>
Manager	5		
Planning	1	2	
PW		0.5	
BDS		-1	0.5
AH&CC		1.5	1
PD		1	
Fire		3	
P&R		1	
Transit		3	2
Storm		0.5	
Public Housing		0.5	
# of Positions Added:	6*	12	3.5*
<i>*Note: three positions used existing funds, not budget adds</i>			

## Historic Tax Rate Chart



### Historic Five-Year Plan (does not include enterprise funds)

	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026 *</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Staffing</b>	1,850,000	No new \$	300,000	400,000	500,000
<b>Operations</b>	250,000	500,000	500,000	500,000	500,000
<b>Facilities/Streets</b>	250,000	500,000	250,000	250,000	250,000
<b>Fleet</b>	750,000	500,000	250,000	250,000	250,000
<b>Parks Capital</b>	971,000	No new \$	18,000	18,000	18,000
<b>Fire Capital</b>	250,000	No new \$	250,000	250,000	47,000
<b>Aff Housing</b>	282,605	No new \$	18,000	18,000	18,000
<b>Greenways</b>	500,000	No new \$	No new \$	No new \$	No new \$
<b>TOTAL</b>	<b>5,103,605</b>	<b>1,500,000</b>	<b>1,586,000</b>	<b>1,686,000</b>	<b>1,583,000</b>
<b>Proposed Scenario</b>	<b>5.00 cents</b>	<b>1.50 cents</b>	<b>1.50 cents</b>	<b>1.50 cents</b>	<b>1.50 cents</b>

\*Note: FY 2026 is a revaluation year with an opportunity to right-size the base budget

General Fund Long Term Budget Needs (FY26-FY30)								
Identified Need	FY26	FY27	FY28	FY29	FY30	Total Funding Gap	Current Funding Level	Sustainable Funding Level
Streets M&R Sustainable Funding Need	\$250,000	\$500,000	\$500,000	\$500,000	\$500,000	\$3,980,000	\$818,500	\$4,800,000
Facilities M&R Sustainable Funding Need	\$250,000	\$250,000	\$250,000	\$250,000	\$0	\$810,000	\$840,000	\$1,650,000
Traffic Signal System Upgrade Design and Phased Implementation (w/ NCDOT)						TBD		
Evaluation of Collections Services for Loose Leaves and Yard Waste						TBD		

Fleet Replacement Fund Long Term Budget Needs (FY26-FY30)								
Identified Need	FY26	FY27	FY28	FY29	FY30	Total Funding Gap	Current Funding Level	Sustainable Funding Level
Fleet M&R Sustainable Funding Need*	\$250,000	\$500,000	\$500,000	\$0	\$0	\$1,195,000	\$1,605,000	\$2,800,000

Enterprise (Stormwater) Fund Long Term Budget Needs (FY26-FY30)									
Identified Need	FY26	FY27	FY28	FY29	FY30	Total Funding Gap	ERU Fee Increase	Current Funding Level	Sustainable Funding Level
SCM Inspection & Maintenance			\$150,000			\$150,000	\$1.83/ERU	\$700,000*	\$150,000
Stormwater Infrastructure Improvements Projects	\$200,000					\$200,000	\$2.43/ERU	\$205,000	\$405,000
Subwatershed Studies**		\$150,000				\$150,000	\$1.83/ERU	\$350,000	\$500,000
Green Infrastructure Projects		TBD				TBD		\$0	TBD

## Human Services Funding FY25

Organization	Funding
Boomerang Youth, Inc.	\$ 16,000
Chapel Hill – Carrboro Public School Foundation	\$ 21,000
Charles House Association	\$ 2,700
Child Care Services Association	\$ 12,750
Club Nova Community, Inc.	\$ 27,000
Community Empowerment Fund	\$ 30,000
Compass Center for Women and Families	\$ 22,000
Diaper Bank of North Carolina	\$ 15,000
Dispute Settlement Center	\$ 13,250
E3 Camp	\$ 1,750
El Centro Hispano	\$ 27,000
El Futuro, Inc.	\$ 14,000
EmPOWERment, Inc.	\$ 24,000
Families and Communities Rising	\$ 13,500
Family Reading Partners	\$ 4,000
Farmer Foodshare	\$ 14,916
Freedom House Recovery Center	\$ 20,000
Hope Renovations	\$ 24,500
IFC for Social Services	\$ 24,000
Life Skills Foundation	\$ 12,000
Meals on Wheels Orange County	\$ 25,000
Monet Richardson Community Foundation (MRC)	\$ 3,000
OE Enterprises Inc.	\$ 4,700
Orange County Department on Aging	\$ 14,000
Orange County Literacy	\$ 10,000