



TOWN OF CHAPEL HILL

Town Hall
405 Martin Luther King Jr.
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Chapel Hill, NC 27514

Legislation Details (With Text)

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Title: Final Update on the Development of the FY 2021-22 Budget.

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Attachments: 1. Draft Staff Presentation, 2. Staff Presentation, 3. Council Questions with Staff Response

Date	Ver.	Action By	Action	Result
6/2/2021	1	Town Council		received and filed

Final Update on the Development of the FY 2021-22 Budget.

Staff:

Maurice Jones, Town Manager
Amy Oland, Director

Department:

Manager's Office
Business Management

Key Topics

Budget Development:

The FY 2021-22 Manager's Recommended Budget restores funding needed to continue the high-quality core services to the Town's residents, businesses, and visitors. The budget also supports the Council's strategic goal areas from climate change to social equity and addresses critical workforce needs.

In an attempt to balance the needs of the community with the impact of the revaluation increase on property owners, the Manager's Recommended Budget proposed a tax rate of 52.4 cents per \$100 assessed valuation to capture some of the natural increase in property values, while slightly lowering the tax rate.

At the May 12th budget work session, Council expressed an interest in lowering the proposed tax rate by an additional penny (\$940,000) to 51.4 cents. We returned at the May 19th public hearing with a recommendation on where to cut a penny out of the proposed budget. After receiving additional feedback from Council, we will return before Council on June 2nd to provide a final recommendation for Council's consideration and adoption on June 9th.

Recommendation for One Penny Decrease:

- Increase in Inspections Permit revenue \$ 300,000
- Increase in Fund Balance Appropriation 210,000
- Decrease in Street Repaving 50,000

• Decrease in OPEB Prefunding	250,000
• Decrease in Pay Go Capital	100,000
• Decrease in Climate Action	<u>30,000</u>
	<u>\$ 940,000</u>

One change was made between the recommendation presented at the May 19th public hearing and the recommendation above. Instead of reducing the street repaving budget by \$350,000, we are now only recommending a \$50,000 reduction. The \$300,000 difference will come from additional inspections permit revenue.

Staff had previously examined all expenditures to determine if there were any additional reductions that could be made. There were none found that would not have a significant impact on department operations. Instead, we re-examined department revenue projections. In looking through our larger revenue sources, we saw a trend in inspections permit revenue. We budget this revenue source very conservatively as it is difficult to accurately estimate the project timeline from Council approval to building inspection. Over the last four years, we have averaged \$1.95 million which is about \$500,000 more than budgeted. Based on projects that we know are in the pipeline, we feel comfortable increasing this revenue budget by \$300,000.

Remaining Dates in the Budget Development Process

- **June 2** Budget Work Session
- **June 9** Proposed FY 2021-22 Budget Adoption

Information on the development of the FY 2022 budget can be found on the Town's website at www.townofchapelhill.org/budget <<http://www.townofchapelhill.org/budget>>.



Attachments:

- Draft Staff Presentation

The Agenda will reflect the text below and/or the motion text will be used during the meeting.

PRESENTER: Maurice Jones, Town Manager
Amy Oland, Business Management Director

The purpose of this item is to provide Council a final update on the development of the FY 2021-22 budget.