

Town of Carrboro

301 W. Main St., Carrboro, NC 27510



Meeting Agenda - Final

Tuesday, April 16, 2024

7:00 PM

COUNCIL WORK SESSION

Council Chambers - Room 110

Town Council

[24-081](#)

Council Work Session - FY 24-25 Budget Work Session

PURPOSE: The purpose of this work session is to provide Council an update on the 2024-2025 FY Budget development, recommend strategies and actions related to Council priorities outlined in the Council Retreat, explain budget considerations for FY 2024-2025, and seek Council direction in preparation for May's Budget Work Session.

Attachments: [Budget Work Session 1 4.16.2024](#)
[Pocket Questions for Budget Work Session 1](#)



Agenda Item Abstract

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DEPARTMENT: Finance

CONTACT INFORMATION: Bret Greene, Finance Director, (919) 918-7439, bgreene@carrboronc.gov

COUNCIL DIRECTION:

Race/Equity Climate Comprehensive Plan Other

The budget and budget book are among the most important documents the Town produces annually as required by State statute. The work staff is compiling will address all facets of Council objectives, including Race/Equity, Climate, and the Comprehensive Plan. Furthermore, the budget preparation includes prioritizing initiatives identified by Council.

INFORMATION:

Each year the Town is required to develop a balanced budget for its programs and various funds. These funds include operating (the largest by far), capital projects, affordable housing, debt services, and others. A common element of each budget is the balancing of anticipated revenues with expenses. Under state law, the Town may not adopt a budget that is unbalanced and is expected to remain in good financial health. The Town Manager and staff have been working internally to identify departmental needs related to potential operating expenses and capital projects. Council is required to adopt a budget by July 1, the first day of the Fiscal Year. For 2024-2025, this date is Monday, July 1, 2024.

FISCAL IMPACT: The adopted budget is the governing tool to ensure current and future financial health of the Town. Diligent preparation and participation by stakeholders ensure transparent budgeting processes for the Council, Staff, and Residents.

RECOMMENDATION: Although no formal approvals will result from the work session. It is recommended that Council continue to relay priorities through the Town Manager for effective financial decision-making and forecasting.



BUDGET WORK SESSION I

April 16th, 2024
Bret Greene, Finance Director



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AGENDA

Agenda

- Finance update
- Macroeconomic conditions
- Budgeting process and timeline
- Budget considerations and guidance





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FINANCE DEPARTMENT UPDATE

Finance Department

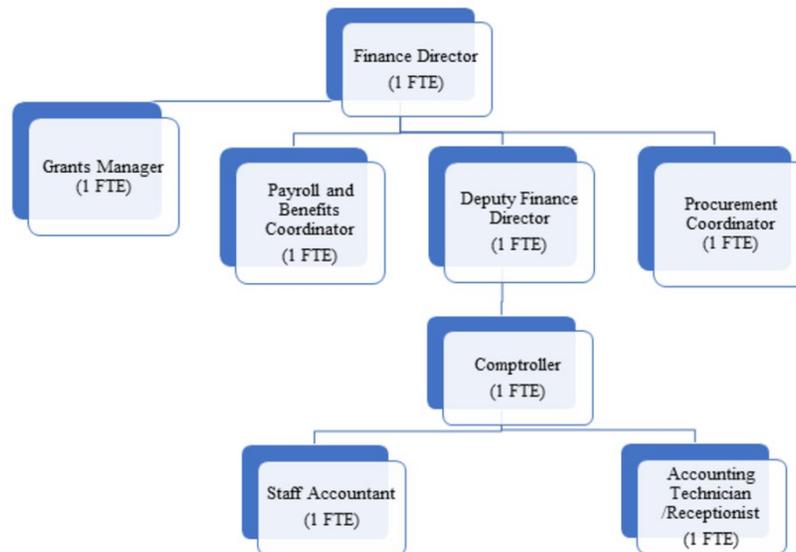
- Fully staffed as of 3/25/2024
- BUDGET OFFICE HOURS
 - Thursdays, 10-11:30 AM
 - Appointments as needed
- Goals, deliverables, and expectations
- Duties include, but not limited to:
 - General fiscal responsibility
 - Reporting
 - Insurance
 - Payroll
 - Grants solicitation and administration
 - Reception
 - Upkeep and maintenance of financially related Town policies



Organizational Chart

FINANCE

8 FTE



Perspective

- 552 Municipalities in North Carolina
 - Oldest – Bath, NC (1705)
 - Newest – Butner, NC (2007)
- Unit Assistance List ([UAL](#)) municipalities account for 25-30% of total ~(140-160)
- Carrboro is not on nor close to becoming on this list



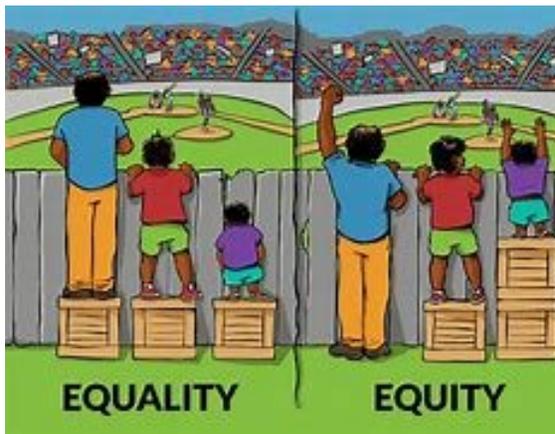


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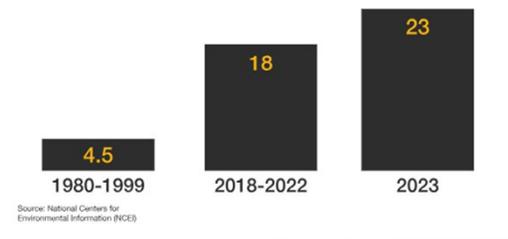


FY 2024-2025 MACROECONOMIC CONDITIONS

Macroeconomic Considerations



Number of billion \$ climate events in U.S. rising



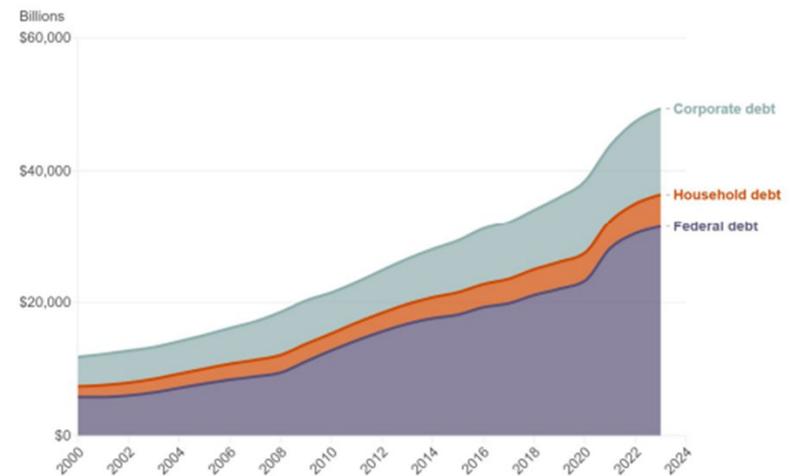
Macroeconomic Considerations

	2023 latest*	2024 target
U.S. GDP growth ¹	1.9% (Q3)	1.3%
U.S. inflation ²	3.2% (Oct.)	2.8% (Dec.)
U.S. unemployment rate ³	3.8% (Oct.)	4.7% (Dec.)

Fed Rate Hikes 2022-2023: Taming Inflation

FOMC Meeting Date	Rate Change (bps)	Federal Funds Rate
July 26, 2023	+25	5.25% to 5.50%
May 3, 2023	+25	5.00% to 5.25%
March 22, 2023	+25	4.75% to 5.00%
Feb 1, 2023	+25	4.50% to 4.75%
Dec 14, 2022	+50	4.25% to 4.50%
Nov 2, 2022	+75	3.75% to 4.00%
Sept 21, 2022	+75	3.00% to 3.25%
July 27, 2022	+75	2.25% to 2.50%
June 16, 2022	+75	1.50% to 1.75%
May 5, 2022	+50	0.75% to 1.00%
March 17, 2022	+25	0.25% to 0.50%

Quarterly U.S. Debt Levels, 2000–2023



Source: Federal Reserve Bank of St. Louis.





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BUDGETING PROCESS

Myths and Realities

Common Associations

- Tedious
- Numbers
- Who's listening?
- When? Where? How? Why?
- What's next?

Expectations

- Clear, transparent, guided
- Thoughtful, analyzed
- A guide, but still a guess
- A reference and resource tool to promote clarity and accountability
- On-going, "living," flexible



Calendar

Operating Budget Development Schedule for FY 2024-25

TASK	Target Date
Town Council Strategic Planning Retreat	February 3, 2024
Management Team Retreat (Strategic Planning)	February 8, 2024
Town Manager Presents Budget Needs to Management Team	February 28, 2024
Preliminary Revenue Estimate by Finance	February 28, 2024
FY25 Budget Instructions Distribution	March 26, 2024
Good Friday Holiday	March 29, 2024
Department Directors submit Budget Requests to Finance	April 5, 2024
Department Directors present budget to Town Manager & Finance Officer	April 8-12, 2024
Town Council Budget Work Session on FY 2024-2025 Budget (1)	April 16, 2024
Finance Drafts Manager's Recommended Budget	April 26, 2024
Manager Finalizes Presentation for the Town Council	May 10, 2024
Town Council Budget Work Session on FY 2024-2025 Budget (2)	May 14, 2024
Manager Presents FY 2024-25 Recommended Budget to Town Council	May 21, 2024
Notice of Required Public Hearing	May 28, 2024
Memorial Day Holiday	May 27, 2024
Public Hearing on Recommended Budget	June 4, 2024
Juneteenth Holiday	June 19, 2024
Town Council Adopts FY 2023-24 Budget	June 18, 2024
Additional Town Council meeting if needed	June 25, 2024



Council Identified Budget Priorities

Key Priorities:

Short-term:

- Staff retention, recruitment, and fulfillment
- Land Use Ordinance & Economic Development
- Environment: Stormwater and infrastructure improvements and environmental protection and tree-canopy

Long-term:

- Race and Equity Initiatives: Implement Community Safety Task Force recommendations, race equity initiatives, and the accessible language plan
- Multi-Modal: Multi-Modal Connectivity and Bolin Creek Greenway
- Subsidization of Affordable Housing

Budget Challenges:

- Meeting inflationary obligations for goods and services with flat revenue growth



Town References

- [Financial Documents | Carrboro, NC - Official Website \(townofcarrboro.org\)](https://www.townofcarrboro.org/financial-documents)
- [Section-16-Line-Item-Budgets \(townofcarrboro.org\)](https://www.townofcarrboro.org/section-16-line-item-budgets)





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BUDGET CONSIDERATIONS

Revenue Trend

	FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025		
	Actual	Adopted	Projection	Preliminary	\$ Change	% Change
Revenues:						
Ad Valorem Taxes	\$ 15,527,154	\$ 15,340,000	\$ 15,800,200	\$ 16,037,203	\$ 237,003	1.5%
Local Sales Taxes	6,416,480	5,419,200	6,116,000	6,268,900	152,900	2.5%
Other Taxes/Licenses	1,726,261	1,652,822	1,726,261	1,760,786	34,525	2.0%
Intergovernmental	2,089,013	1,510,298	1,510,298	1,540,504	30,206	2.0%
Permit & Fees	1,127,067	1,299,813	1,312,811	1,339,067	26,256	2.0%
Sales & Services	227,120	184,700	184,700	188,394	3,694	2.0%
Other Revenues	444,430	276,120	276,120	281,642	5,522	2.0%
Fund Balance Appropriated	-	1,984,722	2,404,059	2,452,140	48,081	2.0%
Total Revenues	27,557,525	27,667,675	29,330,449	29,868,637	538,188	1.8%



Primary Budget Considerations

- Investment in Staffing, retention, and recruitment
 - Plan to increase existing salaries by X%
 - Accounting for increases in other benefits as outlined by Director of HR
 - Staffing Study – ongoing, anticipated completion Fall, 2024
 - Compensation study – planned to commence late summer, 2024 as part of 2024-2025 FY budget
- Transportation
- Rewrite of the Land Use Ordinance
- Capital planning
- Social services
 - IFC, OCPEH, Community Home
 - Convert to a % of operating budget to fund Affordable Housing Fund annually



Other Objectives

- ARPA spending timeline, expectations, reporting
- Update of the Capital Improvement Program
- Review and update of Town fee schedule





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APPENDIX

NCLM References

2) Budget Preparation & Adoption

- The statutory budget calendar is budget requests to budget officer by April 30;
- Proposed budget to governing board no later than June 1; and
- Adopted budget ordinance on or before July 1.

NCLM References

2) Budget Preparation & Adoption

Presentation to the Board and notice of availability for public inspection

10 days must pass before budget may be adopted

Public hearing must be held before budget ordinance is adopted

NCLM References

7) Capital Budgeting

- Rationale for capital budgeting
 - Policy decisions extend for years
 - Capital assets differ from year-to-year
 - Spending varies from year-to-year
 - Debt financing is often used
 - Implementation often extends beyond one fiscal year

Race and Equity Pocket Questions

Title and purpose of this initiative:

Council Work Session - 2024-2025 FY Budget Work Session 1

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What are the racial and equity impacts?

The Town of Carrboro budgeting process involves input from all department heads and requires specific, departmental questions surrounding race and equity. The responses are diverse, but should recognize equitable practices in hiring, operations, vendor inclusion, and resident access. Although these processes are in place to ensure equitable consideration, racial impacts could be witnessed by stakeholders that do not have access to published documents or had opportunity to participate in the budgeting process.

Who is or will experience community burden?

Overall, the budget process attempts to be transparent and deliberate, with public meetings, work sessions, a public hearing, public display of the proposed budget for a minimum of 10 days, and a Council vote. Equitable distribution and implementation of Town's revenues is crucial to minimizing community burdens and addressing systemic inequalities. Efforts to engage with and support marginalized communities directly can help ensure that the Town's revenues are distributed equitably. It is not anticipated anyone in the community will feel any community burden because of the budget process.

Who is or will experience community benefit?

The Town as a whole – residents, Council, and staff should benefit by a vetted budget process that is well assembled and presented. The approach the Town takes in development of the budget ensures multiple touchpoints and familiarity by all staff leaders. A goal of the finance department is to assemble departmental budgets and present the numbers as holistic guidance for the coming fiscal year. The department plans to present the adopted budget to staff management and other interested stakeholders. The budget resides for multiple years on the Town's website and is available for residents or anyone interested. Having the budget in place promotes transparency and accountability for the staff and Council.

What are the root causes of inequity?

Root causes of inequity as it relates to the budget are primarily access, engagement, needs and interpretation of the document produced. It is therefore a goal of the finance department to provide as concise and clear documentation that is available. The town relies heavily on the processes in place to address the causes of inequity and ensure appropriate considerations are being considered while building departmental budgets.

What might be the unintended consequences of this action or strategy?

Unintended consequences in a budgeting process include ignoring macro-economic trends and not being adaptable or flexible for situations that occur outside the Town's sphere of influence. Not being able to adapt to weather impacts, recessionary conditions, health emergencies, or other broad disasters could have negative impacts on a current year operating budget. The Town accounts for these scenarios by establishing a financial buffer, frequently monitoring financial patterns, and using third party advisors and auditors to further help the finance department govern the Town's financial activities.

How is your department planning to mitigate any burdens, inequities, and unintended consequences?

The finance department, town staff, Council members take the ability to recognize biases, burdens, inequities, and unintended consequences as the highest priority of the budget process.

The finance department has implemented directives to staff and Council to produce the budget for the Town of Carrboro:

- Transparency and Accountability through identification of operating and personnel needs, identification of capital projects, and clear, periodic financial reporting
- Community engagement / support through development of departmental budgets with focus on race/equity and climate
- Spend dollars equitably and deliberately in the coming Fiscal Year, while monitoring long-term sustainability
- Commit to programming to foster inclusion and opportunity for town residents