

Town of Carrboro

301 W. Main St., Carrboro, NC 27510



Meeting Agenda - Final

Tuesday, April 8, 2025

6:00 PM

COUNCIL WORK SESSION

Council Chambers - Room 110

Town Council

TOWN COUNCIL WORK SESSION

[25-027](#)

FY2026 Budget Work Session

PURPOSE: To continue providing the Council with a budgetary outlook for the Town in preparation for the development of the FY2026 budget.

Attachments: [A - FY2026 Budget Work Session_20250408](#)



Agenda Item Abstract

File Number: 25-027

Agenda Date: 4/8/2025
In Control: Town Council
Version: 1

File Type: Agendas

FY2026 Budget Work Session

PURPOSE: To continue providing the Council with a budgetary outlook for the Town in preparation for the development of the FY2026 budget.

DEPARTMENT: Finance

INFORMATION: This information item provides the Council with a budgetary outlook for the Town in preparation for the development of the FY2026 budget.

FISCAL IMPACT: No fiscal impact is associated with the information item.

RECOMMENDATION: To allow the Town Council to receive the presentation and ask questions if needed.

FY2026 BUDGET WORK SESSION

Tuesday, April 8, 2025



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Purpose



Provide budgetary assumptions from current year



Identify major budgetary priorities and drivers for upcoming year

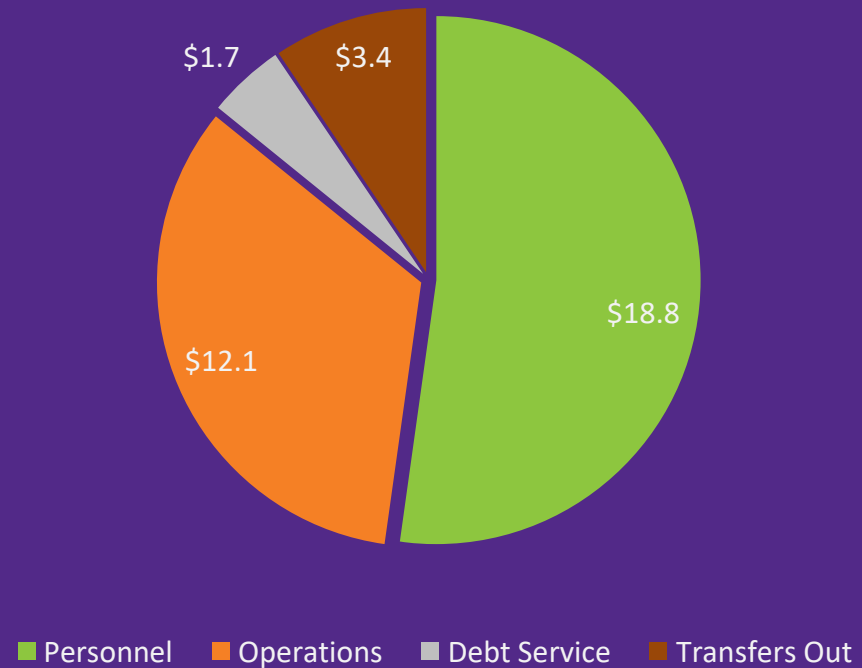


Provide preliminary revenue information



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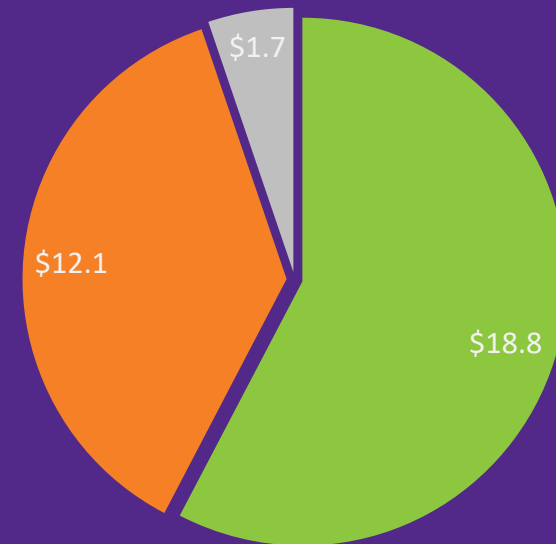
General Fund Expenditure Budget
FY2025, *Original Budget by Category*
(in Millions)



Original Budget

- Town budgetary categories represent costs for payroll and benefits, operating and programmatic costs, principal and interest payments on Town debt, interfund transfers

General Fund Expenditure Budget
FY2025, *Original Budget by Category*
(in Millions)



■ Personnel ■ Operations ■ Debt Service

Original Budget

- Town budgetary categories represent costs for payroll and benefits, operating and programmatic costs, principal and interest payments on Town debt

Current Year Adjustments

| | |
|---|---------|
| FY2025 Original Budget (excluding Transfers Out): | \$32.6M |
|---|---------|

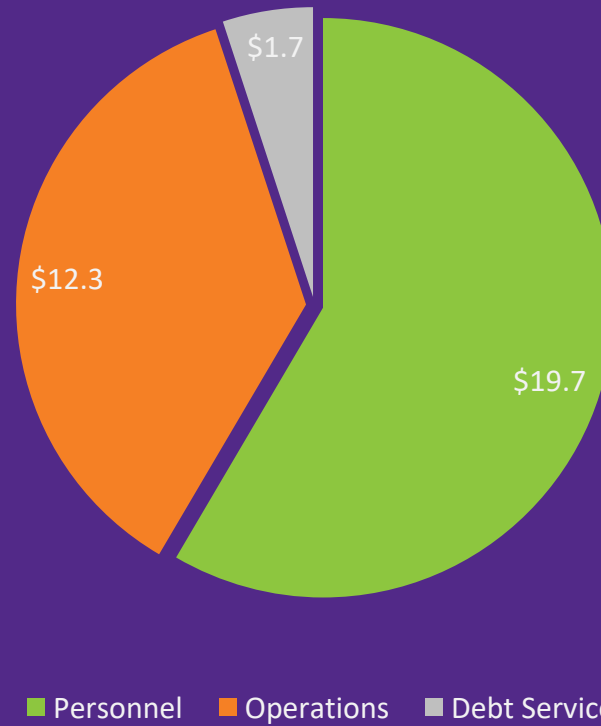
Base realignment:

- | | |
|---|-----------|
| • (+) Natural growth in payroll and benefits | |
| • (+) Mid-year implementation of Staffing Study, Phase 1 | + \$ 850k |
| • <u>(+) Increased Human Services Grants allocation to 2% of expenses</u> | + \$ 170k |

| | |
|------------|-----------|
| Net Total: | + \$ 1.2M |
|------------|-----------|

| | |
|-------------------------------|-----------|
| FY2025 Current Year Adjusted: | + \$33.8M |
|-------------------------------|-----------|

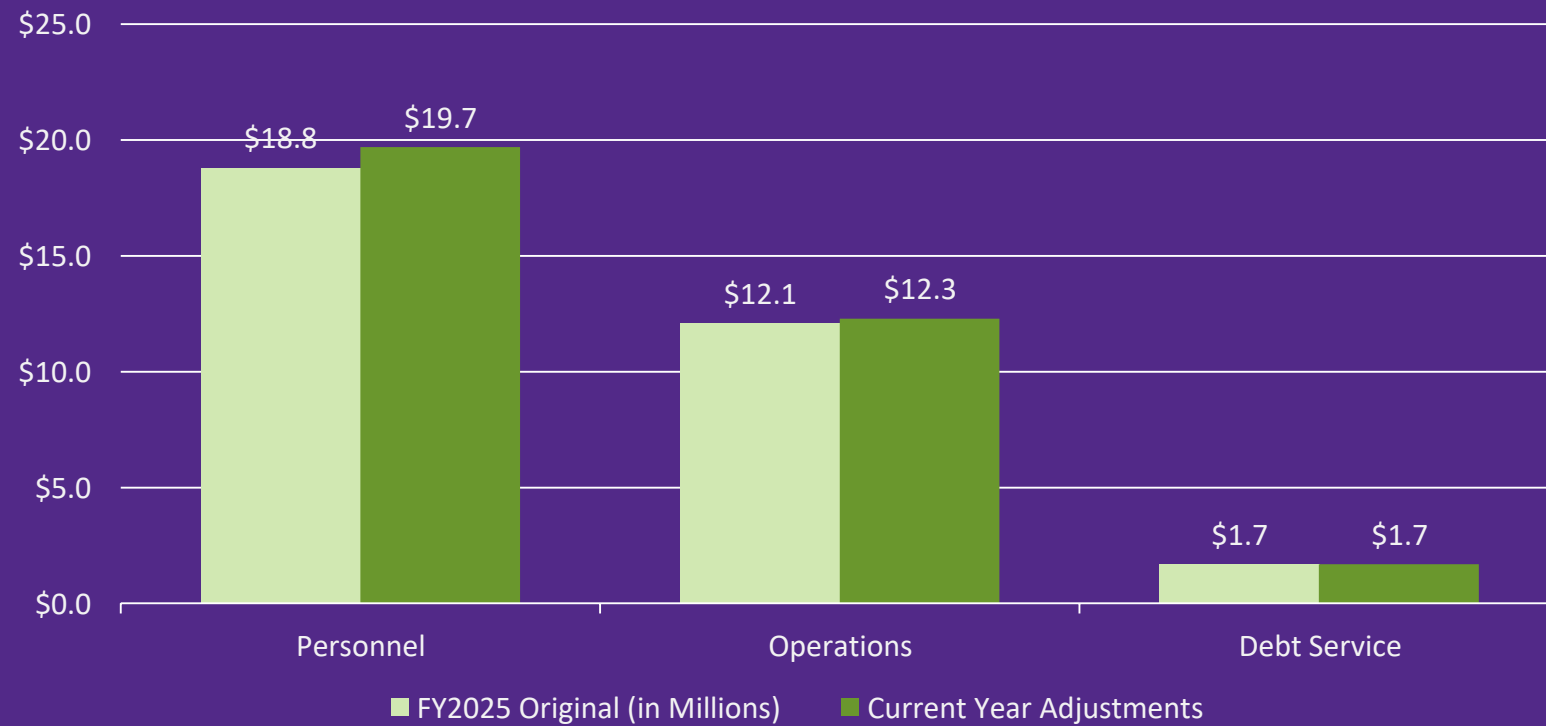
General Fund Expenditure Budget *Current Year Adjusted*



Current Year Adj.

- Represents cost of continuing operations, natural growth, other commitments previously authorized

General Fund Expenditure Budget Current Year Adjustments (in Millions)



Current Year Adj.

- Represents cost of continuing operations, natural growth, other commitments previously authorized

Current Year Gap

| | |
|----------------------------|-------------------|
| Base Expenditure Total: | +\$ 33.7M |
| <u>Base Revenue Total:</u> | <u>- \$ 28.6M</u> |
| Net Total (Gap): | + \$ 5.1M |

Current Year Gap

- Recurring revenues to fund baseline recurring expenditures
- \$4.1m in fund balance appropriated in FY2025 to close gap one-time
- Gap does not include fund balance as a revenue

Major Budget Priorities for FY2026

| | |
|---|----------------|
| • Affordable Housing (half penny equivalent increase) | +\$200k |
| • Sustainability Initiatives Town-wide | +\$500k |
| • Personnel initiatives | +\$3M |
| • Reimagine Weaver Street | +\$400k |
| • Bolin Creek Phase 3 & 4 (design) | +\$1.4M |
| • <u>Chapel Hill Transit (requested increase)</u> | <u>+\$400k</u> |
| Net Total | +\$5.9M |

| | |
|-------------------------|--|
| • Other | |
| • Town Hall Renovations | +\$15M |
| | (FY27 impact: early estimate \$1.4M in Debt Service) |
| • OWASA | +\$TBD |

Major Budget Priorities for FY2026

Personnel:

- (+) Projected increases to retiree insurance, workers compensation + \$ 150k
- (+) Implementation of Phase 2 of Staffing Study + \$ 640k
- (+) Supplemental New Position Requests + \$ 610k
- (+) Full Implementation of Classification and Compensation Study + \$1.6M
- Net Total: +\$3M

Major Budgetary Drivers

- Key factors and variables that significantly influence Town budget
- May affect expenditures or revenues
- Critical for financial planning and decision-making

Major Operations Budget Drivers for FY2026

| | |
|---|---------------|
| • (+) Natural growth in Town operations | \$200k |
| • (+) Housing & Community Services | \$215k |
| • (+) Information Technology | \$1.5M |
| • <u>(+) Parking Fund expenses</u> | <u>\$133k</u> |
| • Net Total: | \$2M |

Major Budgetary Drivers

- Key factors and variables that significantly influence Town budget
- May affect expenditures or revenues
- Critical for financial planning and decision-making

Major Capital Budget Drivers for FY2026

Capital Projects – Planning, Zoning & Inspection/Transportation:

- | | |
|--|------------------|
| • (+) Reimagine Weaver Street | + \$ 400k |
| • (+) Downtown Area Plan revision | + \$ 27k |
| • (+) NC 54 Corridor Study | + \$ 250k |
| • (+) Unified Development Ordinance rewrite | + \$ 245k |
| • (+) Other PZI projects | + \$ 167k |
| • <u>(+) Bike Plan – Shelton, E Poplar, Maple Ave contribution</u> | <u>+ \$ 222k</u> |
| • Net Total: | +\$1.31M |

Major Budgetary Drivers

- Key factors and variables that significantly influence Town budget
- May affect expenditures or revenues
- Critical for financial planning and decision-making

Major Capital Budget Drivers for FY2026

Capital Projects – Public Works:

- | | |
|--|-----------|
| • (+) Scheduled vehicle replacements | + \$1.02M |
| • (+) Westwood cemetery | + \$ 135k |
| • (+) Century Center renovation | + \$ 100k |
| • (+) Stormwater Treatment and Pocket Park | + \$ 325k |

Net Total: **+\$1.58M**

• Other

- | | |
|-------------------------|--------|
| • Town Hall Renovations | +\$15M |
|-------------------------|--------|

(FY27 impact: early estimate \$1.4M in Debt Service)

Major Budgetary Drivers

- Key factors and variables that significantly influence Town budget
- May affect expenditures or revenues
- Critical for financial planning and decision-making

Major Capital Budget Drivers for FY2026

Capital Projects – Recreation and Parks:

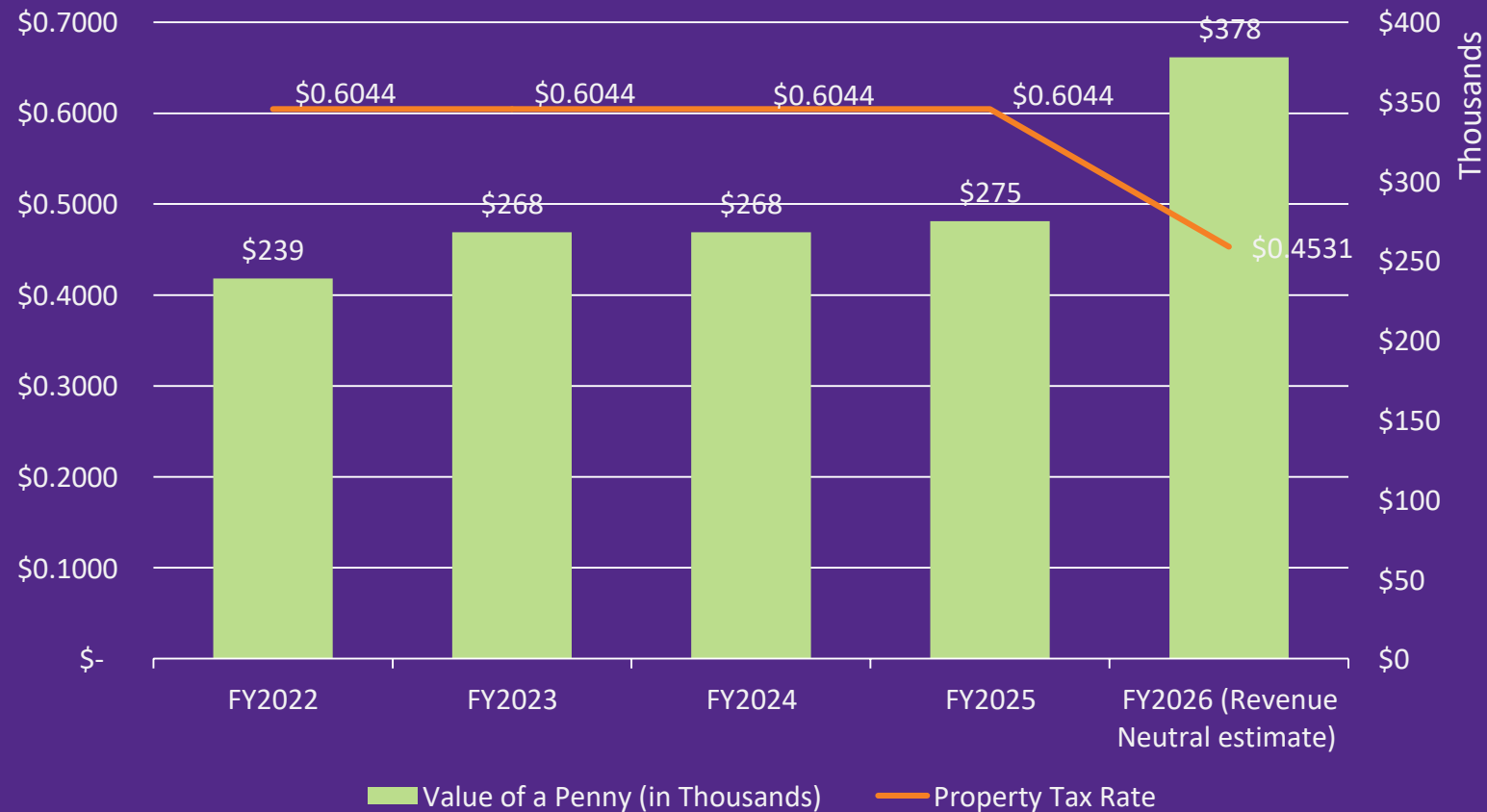
- | | |
|---|--------|
| • (+) Outdoor lights, outage facility updates, and park signage | \$490k |
| • (+) Playground Resurfacing | \$715k |
| • (+) Playground Replacements | \$600k |

Net Total: **\$1.8M**

Major Budgetary Drivers

- Key factors and variables that significantly influence Town budget
- May affect expenditures or revenues
- Critical for financial planning and decision-making

Property Tax by Fiscal Year



Property Tax Rate

- Indicates tax per \$100 of Assessed Valuation
- Value of a penny indicates amount one penny on tax rate generates in revenue
- FY2025 = \$275,000
- FY2026 (estimated revenue neutral rate) = \$378,000

Upcoming Dates

| Milestone | Estimated Data |
|---|----------------|
| Council Work Session FY2026 Budget Work Session | April 8, 2025 |
| Council Business Meeting Manager Recommended Budget & CIP | May 6, 2025 |
| Council Business Meeting Budget Public Hearing | May 20, 2025 |
| Council Business Meeting Budget Public Hearing, Motion to Adopt | June 3, 2025 |
| Additional Council Business Meeting for Budget (if needed) | June 17, 2025 |