

# **Town of Carrboro**

*301 W. Main St., Carrboro, NC 27510*



## **Meeting Agenda - Final**

**Tuesday, May 14, 2024**

**7:00 PM**

**COUNCIL WORK SESSION**

**Council Chambers - Room 110**

**Town Council**

[24-092](#)

## Council Work Session - FY 24-25 Budget Work Session II

**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 the Final Budget recommendation for the Town of Carrboro.

**Attachments:** [Pocket Questions for Budget Work Session 2](#)  
[Budget Work Session 2 5.14.2024](#)



## Agenda Item Abstract

**File Number: 24-092**

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**Agenda Date:** 5/14/2024  
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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.

## **Race and Equity Pocket Questions**

### **Title and purpose of this initiative:**

Council Work Session - 2024-2025 FY Budget Work Session 2

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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 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.

### **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 as a result of the budget process.

### **Who is or will experience community benefit?**

The Town as a whole – residents, Council, and staff benefit by a vetted budget process that is well assembled and presented. The approach the Town takes in development of the budget ensures multiple touch-points 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 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 taken into account 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

The town does its best to recognize needs of the community that are fiscally achievable; knowing that staff will not always be able to address all the community needs in a given fiscal year.



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# BUDGET WORK SESSION II

May 14, 2024  
Bret Greene, Finance Director

# 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
<b>Good Friday Holiday</b>	<b>March 29, 2024</b>
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
<b>Memorial Day Holiday</b>	<b>May 27, 2024</b>
Notice of Required Public Hearing	May 28, 2024
Public Hearing on Recommended Budget	June 4, 2024
Town Council Adopts FY 2023-24 Budget	June 18, 2024
<b>Juneteenth Holiday</b>	<b>June 19, 2024</b>
Additional Town Council meeting if needed	June 25, 2024



# Operational Budget

	FY 2023-2024 Adopted Budget	FY 2023-2024 Anticipated Total	FY 2024-2025 Preliminary Budget	\$ Change	% Change	
<b>Revenues:</b>						
Ad Valorem Taxes	\$ 15,800,200	\$ 16,417,625	\$ 16,910,154	\$ 492,529	3.0%	
Local Sales Taxes	6,116,000	6,116,000	6,268,900	152,900	2.5%	
Other Revenues	5,010,190	5,023,318	5,308,901	285,583	2.5%	
Fund Balance Appropriated	3,388,796	986,883	4,765,434	3,778,551	NA	Will decrease FB as % expenditures from 58% to 39%
<b>Total Revenues</b>	<b>30,315,186</b>	<b>28,543,826</b>	<b>33,253,389</b>	<b>2,938,203</b>	<b>9.7%</b>	
<b>Expenses:</b>						
Personnel			\$ 18,172,755	\$ 18,172,755	3.0%	
Operating			15,080,634	15,080,634	2.5%	
<b>Total Expenses</b>	<b>30,315,186</b>	<b>28,543,826</b>	<b>33,253,389</b>	<b>2,938,203</b>	<b>9.7%</b>	





# Fund Balance Impacts

## Town of Carrboro, NC

Capital Planning Model

Dashboard

General Fund					
				Target	35.0%
				Minimum	22.5%
	12	13	14	15	16
FY	Current Tax Rate	Value of a Penny	Growth Rate	Unassigned Fund Balance	FB as a % of Expenditures
Total					
2023	58.94	266,675		12,328,841	49.0%
2024	58.94	270,675	1.50%	14,627,669	58.1%
2025	58.94	278,795	3.00%	9,862,235	39.2%
2026	58.94	285,765	2.50%	10,682,312	42.4%
2027	58.94	335,774	17.50%	10,222,486	40.6%
2028	58.94	340,810	1.50%	9,935,869	39.5%



# New Expense Drivers FY25

- Additional Investment in Staff
  - 10% increase (3% COLA, 7% One-time Market Adjustment) for existing Staff
  - Completion of staffing study approved in FY 2024, completion fall 2024 - \$300k; 75% FY 2024; additional 10% staff considered for 1/1/2025 start date at median staff salary
  - Completion of Compensation study in FY 2025 (\$50k)
- Planning / Zoning
  - Begin re-write of Land Use Ordinance (\$225k in FY 2025); 12-24 month completion
  - Small area Study / Downtown Master Plan (\$200k in FY 2025); 18-24 month completion
- Technology
  - Additional investment in existing SaaS (deferred from prior years) - \$275k
  - New software for Community Engagement, Economic Development, Town Manager - \$125k



# Council Identified Budget Priorities

## Key Priorities

### Short-term:

- Staff retention, recruitment, and fulfillment
- Land Use Ordinance Rewrite
- 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 Language Access Plan
- Multi-Modal: Multi-Modal connectivity and Bolin Creek Greenway
- Subsidization of Affordable Housing

Major Budget Challenge – Delivering same to improved service levels to Town residents with modest increases in revenue



# Council Priorities

- Staff retention, recruitment, and fulfillment - \$2.1M included in FY 2025 Preliminary Budget
  - 3% COLA, 7% One-time adjustment for existing staff
  - Staffing study initiated, completion fall 2024
  - Compensation study to begin summer 2024, complete YE 2024
- Land Use Ordinance Rewrite - \$225k included in FY 2025 Preliminary Budget, anticipate additional spend in FY 2026 due to timing and logistics
  - Conversations have begun concerning scope and developing RFP
  - Reliance on 3<sup>rd</sup> party firm to guide and administer; minimal reliance on existing town staff
- Economic Development - \$300k in ARPA funding over next 14 months
  - Additional loan opportunities for qualified businesses
  - Begin to see impacts from development of Land Use Ordinance
- Environment - \$160k additional in FY 2025 preliminary budget, \$100k in ARPA funding
  - Additional investment in storm water infrastructure improvements
  - Opportunities for Town assistance to qualified residents
  - Completion of fleet study in Spring, 2024 highlighting opportunities for alternative fueled vehicles



# Council Priorities Continued

- Race and Equity Initiatives – Approximately \$525k in ARPA funding and Preliminary FY 2025 Budget
  - \$300k approved and being processed for Carrboro Family Financial Assistance Program (phases 1 and II)
  - \$75k approved and being utilized for Community Safety Task Force
  - \$25k being utilized for Language Access Plan approved in April
  - \$125k allocated for undefined projects in preliminary FY 2025 operating budget
- Subsidizing Affordable Housing and Human Services - \$2.1M in ARPA funding; \$750k Operating
  - APRA funding to support Habitat for Humanity (\$1M), Empower (\$600k), and weatherization (\$500k)
  - Recommendation to maintain \$0.015 property tax to build Affordable Housing Fund
  - Recommendation to allocate 2% of operating budget to human services (approximately \$600k)
- Multi-Modal Connectivity and the Bolin Creek Greenway – Exploring options for operating and capital investments
  - Will likely involve additional funding sources
  - Goal to identify scope and needs following delivery of 203





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# APPENDIX

# Other Objectives

- ARPA spending timeline, expectations, reporting
- Update of the Capital Improvement Program
- Review and update of Town fee schedule
- Economic Development and Recreation/Parks revenue diversification initiatives



# Primary Budget Considerations

- Investment in Staffing, retention, and recruitment
  - Plan to increase existing salaries by 10%
  - Staffing Study – ongoing, anticipated completion Fall, 2024
  - Compensation study – planned to commence late summer, 2024 as part of 2024-2025 FY budget
- Public Transportation
- Rewrite of the Land Use Ordinance
- Human services
  - IFC, OCPEH, Community Home Trust
  - Convert to a 2% of operating budget to fund Affordable Housing Fund annually
- Capital planning
  - FY 2025 Objectives – Continue investment as outlined in Capital Improvement Program 2022
  - Infrastructure – Deliver 203 Project, Engage Architect/Engineer to update Town Hall, revisit needs for Century Center (Chiller / Control Upgrade bid opening tomorrow, 4/17!), Fire Station 1 &2, Public Works)

