

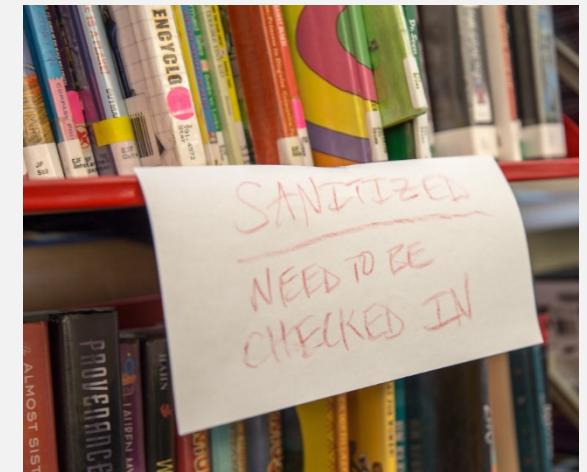
# FY 2021 Budget Update and Preliminary FY 2022 Budget Discussion



# Agenda

- FY 2021 Budget Update
- FY 2022 Preliminary Budget Discussions
- American Rescue Plan Act of 2021

# FY 2021 Budget Update (Q1 – Q3)



# Property Taxes

Fiscal Year	Q3 Revenue	Total Revenue	% Collected in Q3
FY 2021	31,823,155	32,587,500	97.7%
FY 2020	31,239,665	31,960,930	97.7%
FY 2019	30,990,094	31,779,093	97.5%
FY 2018	29,633,825	30,273,964	97.8%
FY 2017	28,631,752	29,273,288	97.8%

Average collections: Q1-13%; Q2-68%; Q3-17%; Q4-2%  
(Q1-Q3 = 98%)

Key Takeaway – property tax collections are where we expect at end of 3<sup>rd</sup> quarter

# Sales Taxes

Tax Collected by State	Tax Received by Town	Actual Collection	% Change Prior Year	Budget Projection	+/-
July 2020	Oct 2020	1,413,050	12.7%	1,190.784	222,266
Aug 2020	Nov 2020	1,341,178	(0.21%)	1,276,738	64,440
Sep 2020	Dec 2020	1,395,747	1.05%	1,312,159	83,588
Oct 2020	Jan 2021	1,388,165	3.60%	1,272,886	115,279
Nov 2020	Feb 2021	1,263,699	(2.07%)	1,225,916	37,783
Dec 2020	Mar 2021	<u>1,602,904</u>	34.91%	<u>1,128,750</u>	<u>474,154</u>
		8,404,743	7.79%	7,407,233	997,510

# Occupancy Taxes

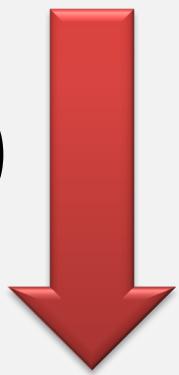
Month	Actual Collection	Prior Year Collection	% Change Prior Year
July 2020	38,033	110,691	(65.6%)
Aug 2020	51,416	108,875	(52.8%)
Sep 2020	35,660	132,836	(73.2%)
Oct 2020	51,216	140,899	(63.7%)
Nov 2020	38,062	119,782	(68.2%)
Dec 2020	29,026	80,467	(63.9%)
Jan 2021	30,652	83,378	(63.2%)
Feb 2021	<u>38,596</u>	<u>103,369</u>	(62.7%)
	312,661	880,297	(64.5%)

# Department Fees

Department	FY 2021 Q3	FY 2020 Q3	Difference
General	337,354	328,014	9,340
Planning	650,084	512,605	137,479
Building & Dev't Services	1,430,384	1,577,477	(147,093)
Public Works	578,057	744,776	(166,719)
Police	52,138	460,715	(408,577)
Fire	296,613	348,951	(52,338)
Parks & Recreation	94,245	974,692	(880,447)
Library	<u>      </u> -	<u>      </u> 6,409	<u>      </u> (6,409)
Total	3,438,875	4,953,639	(1,514,764)

# General Fund Impacts

- Department fees (\$1.5M)
- Occupancy taxes (\$579K)
- Fund balance appropriation (\$2.4M)



- Sales taxes +\$1M
- Property taxes steady
- End of 3<sup>rd</sup> quarter spending @ 67.5% vs 72% prior year
- Personnel savings = \$1.5M
- Operating cuts = \$1.2M



# FY 2021 Budget Takeaway

**Goal:** To break even for the fiscal year

## **Challenges:**

Erratic revenue patterns = difficult projections for next year

Deferred maintenance & operating costs trend higher each year

Continuing COVID-19 operational and financial impacts

## **Result:**

Ability to address deferred needs and implement recovery efforts will require funding

# FY 2022 BUDGET



**GET YOUR SHOT** | **PONTE TU VACUNA**

Orange County Health Department is just one of the places to be vaccinated in Orange County. See a full list: [myspot.nc.gov](http://myspot.nc.gov)

 [orangecountync.gov/GetYourShot](http://orangecountync.gov/GetYourShot)  
 [orangecountync.gov/PonteTuVacuna](http://orangecountync.gov/PonteTuVacuna)



# Where We are in the Budget Process



# What We Have Heard From Council...

Council Priorities for Town to Invest in:

- Climate Action
- Affordable Housing, Human Services, DEI
- Infrastructure
- Maintenance
- Reimagining Community Safety Task Force
- Investment in Town Employees
- Council Reserve

# Revaluation Overview

- Revaluation: “right-sizing” tax bills due for FY 2021-22
- Governments publish “revenue-neutral” tax rate for transparency
  - The revenue-neutral rate is the tax rate at which the total value of our property tax collections is the same as the previous year.
  - If property values go up overall, the revenue-neutral rate would go down, and total collections would be the same.
  - The Town is not required to adopt a revenue-neutral rate.
  - It will be difficult for the Town to take on new initiatives if we roll back to the revenue neutral tax rate.

# Tax Rate History

	<b>FY09</b>	<b>FY10*</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18*</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
General Fund	42.3	36.0	36.0	37.8	37.8	38.8	38.8	38.8	38.8	37.6	38.6	38.6	38.6
Debt Fund	11.0	9.3	9.3	7.5	7.5	7.5	8.5	8.5	8.5	8.2	8.2	9.8	9.8
Transit Fund	4.8	4.1	4.1	4.1	4.1	5.1	5.1	5.1	5.1	5.0	6.0	6.0	6.0
<b>Total</b>	<b>58.1</b>	<b>49.4</b>	<b>49.4</b>	<b>49.4</b>	<b>49.4</b>	<b>51.4</b>	<b>52.4</b>	<b>52.4</b>	<b>52.4</b>	<b>50.8</b>	<b>52.8</b>	<b>54.4</b>	<b>54.4</b>

\* FY 2018 & FY 2010 tax rates were the revenue neutral rate

- Cumulative impact of rolling back to the revenue neutral tax rate:

FY 2010 = \$60,790,688

FY 2018 = \$5,277,246

# AMERICAN RESCUE PLAN ACT OF 2021



PRESIDENT BIDEN'S PLAN TO PROVIDE DIRECT RELIEF TO AMERICANS,  
CONTAIN COVID-19, AND RESCUE THE ECONOMY

# American Rescue Plan Act of 2021

- \$1.9 trillion stimulus plan
- Coronavirus Local Fiscal Recovery Fund - \$130.2 billion
  - Direct to counties, metropolitan cities, local government
  - Restricted to certain recovery uses
- Chapel Hill's anticipated allocation - \$10.41 million

# Coronavirus Local Fiscal Recovery Fund \$

Potential Uses in Response to Impacts Felt by COVID-19:

- Revenue Shortfalls
  - General Fund (sales taxes, occupancy taxes, parks & recreation fees)
  - Parking Fund (daily & monthly parking fees)
- Community Assistance
  - Emergency housing
  - Downtown businesses
  - Nonprofit agencies
  - Tourism & hospitality industry

# Next Steps in Budget Process

- April 14**      Budget Work Session
- May 5**              Presentation of Manager's Recommended Budget
- May 12**              Budget Work Session
- May 19**              Public Hearing
- May 26**              Budget Work Session
- June 2**              Budget Work Session
- June 9**              Proposed FY 2021-22 Budget Adoption

**2021-22 Budget Development Page**  
[www.townofchapelhill.org/budget](http://www.townofchapelhill.org/budget)