

# Budget Work Session

April 14, 2021



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# Assessed Valuation Data

	2021 Valuation	2020 Valuation	\$ Difference	% Difference
Orange County Real Property*	\$ 8,513,978,013	\$ 7,500,585,640	\$ 1,013,392,373	13.51%
Durham County Real Property	540,018,520	539,506,906	511,614	0.09%
Orange County Motor Vehicles	360,324,200	353,259,020	7,065,180	2.00%
Durham County Motor Vehicles	<u>28,881,262</u>	<u>30,231,704</u>	<u>(1,350,442)</u>	<u>(4.47%)</u>
<b>TOTAL VALUATION</b>	<b>\$ 9,443,201,995</b>	<b>\$ 8,423,583,270</b>	<b>\$ 1,019,618,725</b>	<b>12.10%</b>

\* Values Impacted by Revaluation



# Value of a Penny



**FY21: \$840,000**

**FY22: \$940,000**



# Example Residential Tax Bill Impacts

Pre-Revaluation	Pre-Tax Bill	Post-Revaluation	Post-Tax Bill	Annual Increase
\$150,000	\$816	\$163,500	\$889	\$73
\$250,000	\$1,360	\$272,500	\$1,482	\$122
\$443,709	\$2,414	\$483,643	\$2,631	\$217
\$ 750,000	\$4,080	\$817,500	\$4,447	\$367
\$1,000,000	\$5,440	\$1,090,000	\$5,930	\$490

Assumes existing tax rate of 54.4 cents (Town rate only)

Assumes 9% average residential property valuation growth

Average home price in Chapel Hill is \$483,643



# Example Commercial Tax Bill Impacts

Pre-Revaluation	Pre-Tax Bill	Post-Revaluation	Post-Tax Bill	Annual Increase
\$1,000,000	\$5,440	\$1,360,000	\$7,398	\$1,958
\$5,000,000	\$27,200	\$6,800,000	\$36,992	\$9,792
\$10,000,000	\$54,400	\$13,600,000	\$73,984	\$19,584
\$25,000,000	\$136,000	\$34,000,000	\$184,960	\$48,960
\$50,000,000	\$272,000	\$68,000,000	\$369,920	\$97,920

Assumes existing tax rate of 54.4 cents (Town rate only)

Assumes 36% average commercial property valuation growth



# Tax Rate History

	FY09	FY10*	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18*	FY19	FY20	FY21
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
Town Total	<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>

	FY09	FY10*	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18*	FY19	FY20	FY21
Town	58.1	49.4	49.4	49.4	49.4	51.4	52.4	52.4	52.4	50.8	52.8	54.4	54.4
County	100.3	85.8	85.8	85.8	85.8	85.8	85.8	87.8	87.8	83.77	85.04	86.79	86.79
Schools	23.0	18.84	18.84	18.84	18.84	20.84	20.84	20.84	20.84	20.18	20.18	20.18	20.18
Total Rate	<b>181.4</b>	<b>154.04</b>	<b>154.04</b>	<b>154.04</b>	<b>154.04</b>	<b>158.04</b>	<b>159.04</b>	<b>161.04</b>	<b>161.04</b>	<b>154.75</b>	<b>158.02</b>	<b>161.37</b>	<b>161.37</b>



# Budget Reductions for FY 2021

- Reduction in street maintenance (\$300,000)
- Elimination of Vehicle Replacement funding (\$453,089)
- Elimination of Pay-Go Capital funding (\$237,500)
- Reduction in OPEB pre-funding contribution (\$250,000)
- Elimination of transfer to Blue Hill Tax Increment Financing (\$445,100)
- Elimination of building maintenance funds (\$472,000)
- Reduction in Library funding (\$100,000)

Total General Fund reductions = \$2,257,689



# FY 2022 Budget Commitments

- 5.5% Health Insurance increase (\$285,000)
- 1.2% Retirement rate increase (\$380,000)
- Need to reinstate transfer for Blue Hill Tax Increment Financing (\$445,100)
- Incentive Agreements (totaling \$985,446)
  - Carraway Village (Year 3)
  - Wegmans (Year 1)
  - Well (Year 1)
  - Glen Lennox (Year 1)
- Revenue Reductions (\$1,192,000)
  - Parks & Recreation Fees (\$330,000)
  - Occupancy Taxes (\$450,000)
  - School Resource Officer Program (\$412,000)
- Sales tax growth covering FY 2022 commitments



# Budget Scenarios

1.	Revenue Neutral Rate	49.4
2.	Existing Rate	54.4
3.	Alternatives for Growth	5.0



# Scenario 1 – Revenue Neutral

Budget Topic	Included/Not Included	Budget \$
Pay Adjustment	✗	-
Health Insurance Increase	✓	\$285,000
Ephesus Fordham TIF Transfer	✓	\$445,100
Climate Action	✗	-
Affordable Housing	✗	-
OPEB	✗	-
Buildings Maintenance	✗	-
Vehicle Replacements	✗	-
Streets	✗	-
Pay-Go Capital	✗	-
Other Council Priorities	✗	-



# Scenario 2 – Existing Tax Rate

Budget Topic	Included/Not Included	Budget \$
Pay Adjustment	✓	2%
Health Insurance Increase	✓	\$285,000
Ephesus Fordham TIF Transfer	✓	\$445,100
Climate Action	✓	\$940,000
Affordable Housing	✓	\$251,605
OPEB	✓	\$250,000
Buildings Maintenance	✓	\$500,000
Vehicle Replacements	✓	\$500,000
Streets	✓	\$400,000
Pay-Go Capital	✓	\$500,000
Other Council Priorities	✓	\$100,000



# Scenario 3 – Alternatives

Each penny on the tax rate is equal to \$940,000 that can be attributed to Council's priorities including:

- Climate Action
- Affordable Housing
- ReVive Chapel Hill
- Infrastructure
- Maintenance
- Reimagining Community Safety Task Force
- Investing in Town Employees
- Council Reserve



# Next Steps in Budget Process

May 5	Manager's Recommended Budget
May 12	Budget Work Session
May 19	Budget Public Hearing
May 26	Budget Work Session (if needed)
June 2	Budget Work Session (if needed)
June 9	Proposed FY 2022 Budget Adoption

**2021-22 Budget Development Page**

[www.townofchapelhill.org/budget](http://www.townofchapelhill.org/budget)

