TOWN OF CHAPEL HILL

# Adopted Budget

## FY 2026-2027



# Chapel Hill Town Council

**2026-2027**



Top Row: Council Members Wes McMahon, Elizabeth Sharp, Melissa McCullough, and Louie Rivers III.

Bottom Row: Council Members Paris Miller-Foushee and Amy Ryan, Mayor Jessica Anderson,  Mayor Pro Tem Camille Berry, and Council Member Theodore Nollert.

**Town Manager**
Theodore L. Voorhees

**Finance Officer**
Amy Oland

MANAGER'S OFFICE
Town of Chapel Hill
405 Martin Luther King Jr. Blvd.
Chapel Hill, NC 27514-5705

*phone* (919) 968-2743
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**Letter of Transmittal**

To the Honorable Mayor and
Members of Town Council
Town of Chapel Hill, North Carolina

Greetings:

I present to you the Town of Chapel Hill, North Carolina Annual Budget for Fiscal Year 2026-27. The budget includes no property tax increase.

The Adopted Budget for 2026-27 recognizes Council's most important goals and invests in strategic initiatives to achieve those objectives, even during these challenging and unprecedented times. We look forward to working with Council to continue offering the core services our residents expect.

This Adopted Budget document includes the fund summaries that utilize the governmental budget practices recommended by the Government Finance Officers Association of the United States and Canada.

Respectfully submitted,

Theodore L. Voorhees, ICMA-CM
Town Manager

June 10, 2026

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June 10, 2026

Mayor Anderson and Members of the Chapel Hill Town Council:

Following is the FY2026-2027 adopted budget. This year's budget is the next step in aligning our financial plan with the newly established Council goals and strategic priorities, maintaining a focus on long-term fiscal stability, and delivering high quality services for our community.

The total FY 2027 adopted budget is $170 million, representing a 3.6% increase over the prior year. The General Fund accounts for roughly $99.8 million. Importantly, there is no property tax rate increase, maintaining the rate of 50.0 cents per $100 of assessed valuation.

## COUNCIL GOALS AND STRATEGIC PRIORITIES

The Council's four strategic priority areas shaped the FY 2027 budget.

1. **Complete Community** – Framework to advance thoughtful growth, more connected neighborhoods, and implementation of key mobility and land use plans. This includes progressing the Land Use Management Ordinance (LUMO) update and moving forward elements of the Everywhere to Everywhere (E2E) plan.

2. **Environmental Resiliency** – Strengthening the Town's ability to prepare for and withstand climate and infrastructure stresses by implementing the stormwater plan, expanding sustainable facility strategies (solar storage, EV charging), and continuing early flood warning sensor deployment.

3. **Housing** – Expanding a diverse, attainable, and sustainable housing supply through continued implementation of the Affordable Housing Strategy and Investment Plan, development of a Public Housing Repositioning Plan, and homelessness response in partnership with the towns, Orange County, and the University.

4. **Organizational & Fiscal Sustainability** – Ensuring the long-term health of the organization by aligning staffing and equipment needs with capacity, using data to review services, and applying the five-year budget outlook to guide strategic investments.

These goals connect our strategic work and our financial plan. This year's adopted budget intentionally invests in each priority area.

## HOW WE BUILT THE FY 2027 BUDGET

We grounded our approach in four commitments:

- Supporting our employees with competitive compensation and sustainable benefits.
- Funding and strengthening our core municipal services.
- Advancing Council's strategic goals.
- Progressing toward fiscal sustainability, guided by the five-year budget outlook.

The first step each year in developing the base budget is to project estimated revenue data. We collect data from Orange and Durham County, consult current economic indicators, and reach out to our departments who estimate their fees for the upcoming year. Each December, we ask departments to submit their base budgets, which are roughly equal to the current year budget with some flexibility to move money between operating lines but one that requires departments to absorb cost increases. In February, departments submit requests for budget additions that represent cost of doing business increases or new programs. In March, departments present their budgets to the Manager. They share their goals and priorities, key budget issues for the coming year, and their top three budget additions. The Manager's Office reviews this information along with Business Management to prioritize needs, allocate resources, validate alignment with Council priorities, and ultimately develop the Manager's Recommended Budget.

Specific context for key aspects of this year's budget is discussed below.

## REVENUES

Last year, Orange County estimated that approximately 5% of assessed value following the revaluation would be lost through appeals. Fewer people than estimated appealed their assessed value. Updated data shows valuations and the resulting property tax revenues will exceed earlier estimates. For FY 2027, we anticipate receiving $3.5 million in the General Fund over the County's original estimates and $1 million combined in the Debt Service Fund and Transit Fund, over the County's original estimates. The combined $4.5 million is a 6.9% increase in estimated property tax revenue.

Despite market volatility and recent conflict in the Middle East, sales tax revenues, which are influenced by economic activity, continue to trend upward. Current year collections grew about 5% and we project a 3% increase over the current year in FY 2027.

These improved revenue projections position us to make targeted investments in FY2027, advancing our priorities and supporting the Town's long-term fiscal sustainability.

## FIVE-YEAR BUDGET OUTLOOK

The Town has used a five-year outlook to inform tax rate decisions since FY 2024. Increasing

the rate has addressed some core needs, including Affordable Housing, Parks and Recreation, Transit, Everywhere to Everywhere, and the rising cost of doing business, which has been unusually high in recent years.

The FY 2027 budget continues to move us along the five-year path to fiscal sustainability, addressing structural issues that have challenged the Town for many years. The outlook identifies sustainable funding targets in **staffing, operations, facilities and streets, fleet, and fire capital.** While the Town still faces significant gaps, particularly in capital needs, the FY 2027 adopted allocations represent meaningful steps forward.

### *STAFFING*

Our employees are our most important assets because they carry out the operations of the Town and deliver our services.

We face known challenges, especially employee burnout and exhaustion, a competitive job market, inflation, and the high cost of living in Chapel Hill. A stable workforce helps us lower costs by reducing overtime and minimizing the need to train new hires when experienced employees leave. We are committed to delivering high-quality services with a strong, capable team, and to maintaining a supportive workplace for the employees who serve our community every day. Included in the FY 2027 adopted budget:

- 4% of market pay adjustment. This pay adjustment will be a percentage of market pay rather than base pay, to move below-market employees more quickly to the market rate for their jobs.
- 4% pay increase for the Mayor and each Council member.
- 0.75% mandatory increase to the employer share of the retirement system contribution.
- 10% budgeted increase in the cost of employee medical insurance.
- To ensure we have staff capacity aligned with service demands, we are adding three new positions:
    - Fleet Technician,
    - Library Associate,
    - Destination Coordinator (repurposed Visitors Bureau funding to bring this function in-house)

Although departments requested additional new positions, in this budget we prioritized our existing employees, competitive wages, and the tools and equipment to support them. We continue to evaluate each vacancy before recommending future additions.

### *OPERATIONS*

In any given year, we face the challenge of addressing the average 3-5% increases to "the cost of doing business." This includes everything from increased contract costs for cleaning and landscaping, for software licenses, and the numerous services provided by outside vendors. In recent years, departments have absorbed these costs into their budgets; however, with continued, historic levels of inflation, this is no longer sustainable.

To address the rising cost of doing business, the adopted budget includes a $544,375 allocation to address some of the increases (maintenance, insurance, day-to-day operations), to expand a few critical services that create operating efficiencies (technology), and advance Council's goals (long-range planning capacity). These activities directly support the Council's strategic priority areas.

### *FACILITIES and STREETS*

Just as our community expects high quality services, they also expect well-maintained, high-quality buildings, facilities, and streets. We continue to address a substantial backlog of deferred maintenance, and the rising costs of labor and materials make facility repairs and upkeep more expensive. The five-year outlook anticipates continued investments to reach a sustainable funding level by 2030.

With this budget, we have increased the allocation for deferred maintenance by $250,000. This will fund projects such as the Public Works HVAC design, Community Center fiberglass roof over the pool deck, Fire Station 5 roof design and replacement, small parks repairs, and other small facility improvement projects.

We have also increased the allocation for street resurfacing by $250,000 which will patch, mill, and resurface an additional 2-3 streets (total of ~2.7 lane miles) and will bring our resurfacing cycle from 48 years to 40 years. If we continue with the 5-year outlook funding plan, we will be at 24 years by 2031.

### *FLEET*

To get our business done, we need a fleet of vehicles across departments and divisions – and as stewards of public dollars, we need to keep that fleet well-maintained. We have aging vehicles, and our maintenance costs have increased with inflation. In addition, we are committed to electrifying our fleet, which takes additional resources.

Our existing allocation will replace 17 vehicles. With the adopted increase of $250,000, we will replace an additional 6 vehicles.

### *FIRE CAPITAL*

The Town has been addressing a significant backlog in fire capital needs, where essential

equipment, facility designs, fleet replacements, and safety investments far exceed current annual funding levels. Increasing the annual capital allocation from $500,000 to $1 million will go a long way towards addressing several critical needs, including design costs for Fire Stations 3 and 4, water rescue equipment, an all-terrain vehicle, rescue tools, and portable radios.

## AFFORDABLE HOUSING

The FY 2027 adopted budget assigns nearly 3 pennies of the tax rate for affordable housing initiatives, continuing the Council's previous direction. The Affordable Housing Funding Program, which aims to create and preserve housing for low- and moderate-income households, includes a local funding allocation, federal funds, the Affordable Housing Loan Fund, and Affordable Housing Bond funds, all of which move us closer to securing resources to meet our funding goal to implement the Town's Affordable Housing Plan and Investment Strategy to expand and preserve affordable housing.

## ENTERPRISE FUNDS

*The Transit budget* is down by 1.5%, primarily due to decreased interest income resulting from lower interest rates, reduced service-related revenue following our discontinuation of contract operation of GoTriangle's Route 420, and declines in federal operating grant funding.

*The Parking Fund budget* is down by 1%, which represents the budget right-sizing of on-street and off-street parking revenues. This budget is balanced with an almost $2 million transfer from the Debt Service Fund to help offset the debt service on the 2021 and 2024 limited obligations bonds (LOBS) issuances for the construction of the East Rosemary Parking Deck. We are proceeding with a parking study this summer that will evaluate current utilization across decks, lots, and on- street parking, assess parking rate structures, and offer recommendations to improve the long-term sustainability of the fund.

*The Public Housing budget* is up 4.7% and is supported primarily by HUD contributions and tenant rental revenues, with a small fund balance appropriation to cover rising operating costs.

*The Stormwater budget* is up 23.4% primarily due to a stormwater fee increase of $8.79 per ERU (equivalent rate unit of impervious surface) which is needed to complete the mandatory stormwater system inventory mapping for the current National Pollutant Discharge Elimination System (NPDES) permit cycle, addressing critical stormwater infrastructure planning, and implementation needs.

## LOOKING AHEAD

Looking to the future, we remain focused on:

- Realigning staff and adding functionality to build in-house capacity to deliver more construction project management capacity.
- Identifying and evaluating creative construction delivery methods, including developing in-house capacity to complete additional greenway segments.
- Proceeding with the Public Housing Repositioning Plan to determine next steps for long-term sustainability in our housing portfolio.
- Advancing the NS RAPID Bus Rapid Transit corridor to strengthen mobility and catalyze new housing and business opportunities along our busiest transit corridor.
- Building on our ongoing climate action work by continuing investments in sustainable facilities, fleet electrification, and stormwater and resiliency infrastructure.
- Monitoring the ongoing federal funding uncertainty and being prepared to respond quickly, including holding vacant federally funded positions, identifying fund balance for emergencies, and reallocating or locally funding key grant-dependent roles to ensure continuity of services.
- Continuously evaluating our operations for efficiency, possible reductions, and changes in service delivery methods that will generate cost savings to ensure we remain good stewards of the public's resources.

Sincerely,



Theodore L. Voorhees, ICMA-CM
Town Manager, Chapel Hill NC

# *CITIZENS' GUIDE TO REVIEWING THE BUDGET*

## General Comments

This budget document describes Town services and revenue sources adopted for the Town's budget for the fiscal year from July 1, 2026 through June 30, 2027.

The Mayor and Council's adoption of an annual budget is one of the most important decisions of the Town as a service organization and governmental entity. The annual budget translates the values of the Chapel Hill community into a plan of action for services, programs and projects, and resources for providing services.

The Mayor and Council's decisions in adopting a budget are in the form of an ordinance allowing expenses and raising of revenue during the coming budget year, an ordinance authorizing employee positions and wage and salary ranges, resolutions adopting fees and charges, and related actions.

In accord with normal accounting and budgeting practices for municipalities, Town services supported partly or entirely with general taxes are budgeted in a General Fund.

The General Fund includes costs and revenues for police, fire, refuse collection, street maintenance and other public works services, human services, planning, construction, inspections, engineering, library, parks and recreation, general administration and support services, and some miscellaneous items.

The public transit, public parking, stormwater management, public housing, internal service funds, and supplemental downtown district services are budgeted in separate, individual funds.

This budget is intended to identify most services offered by the Town and proposed objectives for quality, quantity, timing, etc. of services. The individual department and division overviews give details about current Town services approved by Council. However, there may be a few activities not described or noted only in summary form here. We invite you to call the appropriate Town departments as listed on the Town's website. Any changes, deletions, or additions to current services which may be decided during the proposed budget discussions will be reflected in the adopted budget for 2026-27.

The information in this budget document is intended to be understandable to citizens with a general knowledge of business practices and of most Town services. We have attempted to minimize the use of technical words and phrases, or to define them when used. A glossary of terms is provided in the Budget Appendices. However, if something in this material is not clear, we invite you to call us at (919) 968-2743 or send an email to info@chapelhillnc.gov.

## State Laws Regarding Local Government Budgets

The Town's fiscal year begins on July 1 in accord with requirements in the North Carolina Local Governmental Budget and Fiscal Control Act.

This legislation requires that the Manager submit a recommended budget to the Mayor and Council, that the Council hold a public hearing, and that the Council adopt an annual budget or interim budget for 2026-27 by July 1. State laws also determine the types of

services and regulatory authority which the Town can provide, the revenue sources available to the Town, and in many cases the

maximum level of such revenue. For example, the Town is not authorized to levy income taxes, and Orange County has enacted a local option sales tax at the authorized limit of 2½%. The Town is authorized to provide various types of services needed in urban areas, including police and fire protection, refuse collection, and street maintenance services.

In North Carolina, county governments are responsible for public health, education, social services, and various other programs. Funding for the Chapel Hill-Carrboro City School district serving southeast Orange County is provided through County and State government decisions and funding.

**Financial Management Principles**

The adopted budget is based on financial management principles including:

- The Town makes conservative estimates of revenues and costs to minimize the chance that actual revenues received during a budget year may be less than expected, or that actual costs may exceed estimates.

- The Town seeks to use stable, annually recurring revenues to pay for costs (such as wages, supplies, etc.) which tend to continue from year to year. The Town avoids using one-time revenues for annually recurring costs.

- The Town seeks to keep a reserve of money saved in past years (undesignated net assets or fund balance) so that the Town will not have to borrow funds early in the fiscal year when revenues are less than the cost of providing services, and so that the Town will have a reserve for any major unexpected costs or revenue fluctuations between budget years. The Town's objective is to have a fund balance of at least 22% of the General Fund budget for cash flow purposes in accord with Town policy, and additional amounts for unforeseen circumstances and emergencies.

- The Town avoids or limits the deferral of costs to future years. When deferrals are proposed, the amount is limited to the extent practical, and the deferrals are specifically identified.

- The Town seeks to properly maintain buildings and equipment to protect the community's investment in these assets.

- The Town seeks to recover from user fees all or a significant portion of the cost of some kinds of services, so that the citizens who benefit most from a service will pay for the service. However, several kinds of fees are waived or lowered for low-income families, for youth, and for senior citizens.

- The Town uses general taxes to provide some special services or assistance to citizens with special needs because of low income or other conditions.

- The Town seeks to maintain a competitive position in the Triangle labor market to recruit and retain employees who will provide services with the quality desired by the community.

- ❖ The Town from time-to-time issues bonds or uses installment contracts authorized by State law to finance capital projects which will benefit the community for a long period and which should therefore be paid for over a long period.

**Budget Process**

The Mayor and Council's process and schedule for developing the 2026-27 budget included forums and hearings for citizens to express their views, raise questions and concerns, and make comments on services, policies, and funding items related to the budget.

The description of the budget process and the budget calendar are included in this Introduction and Background section.

Citizens were invited to make comments at any time by letter to the Mayor and Council or to the Town Manager at 405 Martin Luther King, Jr. Blvd., Chapel Hill, NC 27514, by phone to Town Hall at (919) 968-2743, or by email at info@chapelhillnc.gov.

Citizens with disabilities in hearing or speaking were invited to call the Town at (919) 968-2743 (TDD: (919) 968-2700) for assistance in participating in public hearing or commenting by other means.

**Elements of the Budget Document**

- Introduction and background information regarding the development of the budget including the budget process, the budget goals, and assumptions made.

- Department and division mission and duties, as well as their budget and a summary of budget changes.

- Explanations of debt and the capital program.

- Summary information regarding net assets (fund balance), revenues and expenditures for all funds, tax rates and tax collections, and staffing and organizational structure

- Each department has a separate overview. The following is an explanation of the information included for departments and divisions.

**Department Sections**

Each department section contains a department overview intended to provide information about the department: organizational charts for the department; staffing charts for each department; and a budget summary for the department. Also included is the same information for individual divisions within some of the larger departments. Goals and performance measures are also included for appropriate departments.

**Department Overview**

Each department section starts with an overview page, which includes the Mission Statement and summarizes key duties of the department and ties each duty to the Council's Strategic Priority Areas.

**Departmental Performance Measures**

Following the department overview, the Performance Measures section states the Strategic Priority Areas each department focuses on and details the department's strategic objectives. For each department, this section also provides performance measure

data for FY24, FY25, and FY26, as well as the FY27 Target.

**Organizational Chart**

An organizational chart is presented for the department that displays the personnel in the department broken out by divisions, where applicable.

**Staffing Chart**

The staffing chart for each department lists all positions within the department in full-time equivalents to provide a snapshot of staffing for the various department functions.

**Budget Summary**

The budget summary for each department provides a summary of significant budget changes in a brief narrative format. It also lists expenditures summarized in the categories of Personnel, Operating Costs, and Capital Outlay. Revenues are also listed in a summary format based on revenue sources.

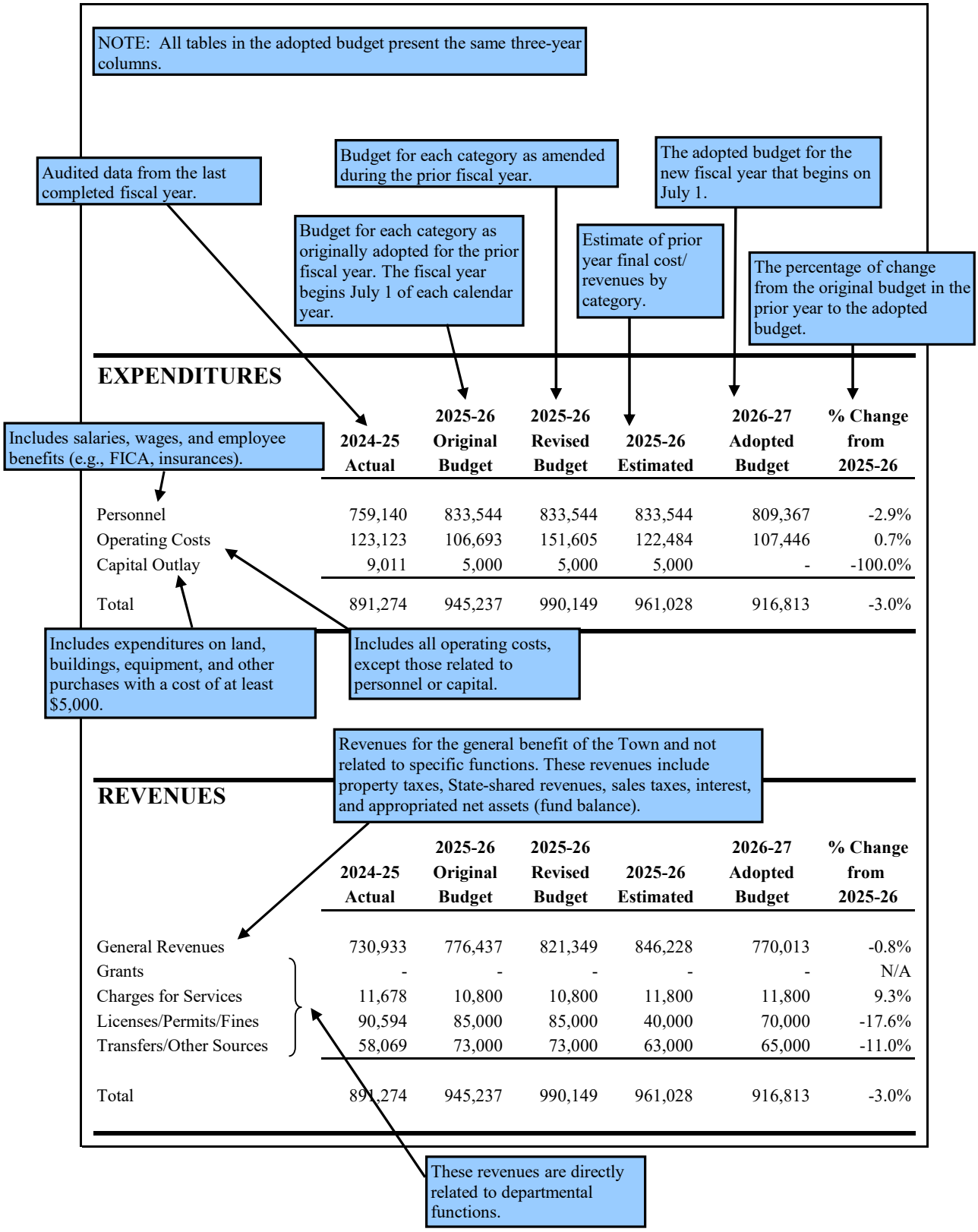
These expenditure and revenue summaries provide historic and adopted information as follows:

- 2024-25 Actual
- 2025-26 Original Budget
- 2025-26 Revised Budget
- 2025-26 Estimated
- 2026-27 Adopted Budget
- % Change from 2025-26 Original Budget

A reader's guide entitled "Budget Format—The Basics" follows.

In addition to the material described above, the adopted 2026-27 budget contains supplemental information intended to assist the reader. This data includes details regarding fund structure, fund descriptions, major revenues, and a glossary.

# *BUDGET FORMAT - THE BASICS*




## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | 759,140 | 833,544 | 833,544 | 833,544 | 809,367 | -2.9% |
| Operating Costs | 123,123 | 106,693 | 151,605 | 122,484 | 107,446 | 0.7% |
| Capital Outlay | 9,011 | 5,000 | 5,000 | 5,000 | - | -100.0% |
| Total | 891,274 | 945,237 | 990,149 | 961,028 | 916,813 | -3.0% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | 730,933 | 776,437 | 821,349 | 846,228 | 770,013 | -0.8% |
| Grants | - | - | - | - | - | N/A |
| Charges for Services | 11,678 | 10,800 | 10,800 | 11,800 | 11,800 | 9.3% |
| Licenses/Permits/Fines | 90,594 | 85,000 | 85,000 | 40,000 | 70,000 | -17.6% |
| Transfers/Other Sources | 58,069 | 73,000 | 73,000 | 63,000 | 65,000 | -11.0% |
| Total | 891,274 | 945,237 | 990,149 | 961,028 | 916,813 | -3.0% |

# *Strategic Priorities, Goals, and Performance Management*

### *Strategic Priorities and Goals*

Local governments use strategic planning as a tool to set goals, connect to stakeholders, track progress, and communicate results. Approving Council goals and objectives is the first phase of building a performance management system that links Council goals to staff work plans and communicates outcomes to the public.

Every two years, the Town Council establishes high level strategic priorities. In early 2026, the Council created new priorities and goals for 2026-2028. These guide the development of the Town Budget and Departmental Business Plans, which drive the allocation of resources and staff time. Below are the Strategic Priorities and Goals approved by the Town Council:




**Strategic Priority 1: Complete Community**

*The Complete Community strategy is the primary framework to advance the Town's goals and serves as a guide for* ***thoughtful growth, intentional housing options, and creating well-connected neighborhoods.***

- Goals:
  - Clarify and align departmental resources and projects to Complete Community
  - Adopt the Land Use Management Ordinance (LUMO)
  - Implement the Everywhere to Everywhere (E2E) Plan by addressing the development of funding, mapping, and a plan
- Core Departments:
  - Planning, Public Works, Parks & Recreation, Parking Services, Transit

**Strategic Priority 2: Environmental Resiliency**

*The Environmental Resiliency strategy is the Town's ability to protect and sustain its systems that* ***protect the environment****, ensuring* ***long-term stability*** *and* ***preparedness*** *in times of stress or disruption. support a vibrant economy by supporting business development, jobs creation, and entrepreneurship by balancing our tax base to support a diverse community.*

- Goals:
  - Affirm the stormwater plan and educate the public on the purpose of this plan
  - Continue education and implementation of early flood warning sensor networks
  - Implement Town sustainable facilities strategy (e.g. solar, battery storage, electric vehicle (EV) charging expansion)
  - Continue greening town facilities and fleet
- Core Departments:
  - Office of Sustainability and Resilience, Public Works, Parks & Recreation, Library, Transit

**Strategic Priority 3: Housing**

*The Housing strategy fosters a **diverse**, **attainable**, and **sustainable housing supply** that meets the evolving needs of current and future residents.*

- Goals:
  - Support, develop, and implement strategies to address homelessness, in partnership with the County
  - Develop and implement the Public Housing Repositioning Plan
  - Continue implementation of the Affordable Housing Strategy
  - Adopt the Land Use Management Ordinance (LUMO)
- Core Departments:
  - Housing and Community Development, Planning, Transit, Public Housing

**Strategic Priority 4: Organizational & Fiscal Sustainability**

*The Organizational and Fiscal Sustainability strategy **aligns human resources** and **equipment needs** with existing capacity, strengthening financial planning, and evaluating opportunities for revenue growth.*

- Goals:
  - Hire, train, retain, and support the best employees by investing in people and the equipment they need
  - Use data across all departments to review services to align for and assess efficiency
  - Use the 5-year budget outlook to target spending and strategically align revenues
  - Focus on core municipal responsibilities and reevaluate whether new and existing programs and services are strategic, efficient, high performing, and needed
- Core Departments:
  - Manager's Office, Human Resource Development, Business Management, Technology Solutions

***Performance Management***

Performance management uses evidence from measurement to evaluate how Town resources are meeting community and Council expectations. Departmental business plans set strategic priorities and performance metrics for core programs and services for each fiscal year. The FY27 Budget document illustrates performance data and targets that departments have identified as performance measures in their FY27 Departmental Business Plans.

Below are additional Performance Management tools used by the Town to communicate how annual investments are being used to meet Council goals and Community vision.

| Performance Tools | Data and Dashboards |
|---|---|
| Business Plans, Performance Measures, Community Survey, Employee Engagement, Capital Project Management | Chapel Hill Open Data, GIS & Analytics, Personnel Dashboard, UNC Benchmarking Project |

# *CHAPEL HILL –*
# *LOCATION, GOVERNMENT STRUCTURE & DEMOGRAPHICS*

## Location

The Town of Chapel Hill is located principally in Orange County and partially in Durham County in the north central portion of North Carolina on the Piedmont Plateau, approximately equidistant between Washington, D.C. and Atlanta, Georgia. The area's topography is characterized by rolling hills. The Town, which was incorporated in 1819, presently covers an area of 21.79 square miles and has a population of 64,785, according to the latest estimate issued by the State of North Carolina for July 2024. The Town is the home of the University of North Carolina at Chapel Hill, the nation's oldest public university, established in 1789. Today, the University enjoys a reputation as one of the best public universities in the United States.




The Town conducts an ongoing planning and programming process through which it implements orderly expansion and management of the growth and development of the community in accord with the Comprehensive Plan, last amended in 2023. At present, the Town exercises zoning and building controls over a 27.51 square mile area that includes the corporate limits and a 5.72 square mile planning jurisdiction.

The growth of the Town has been directly related to the expansion of the University of North Carolina at Chapel Hill. Enrollment at the University grew from 8,791 in 1960 to 34,099 in Fall 2025. It is anticipated that expansion will continue to occur in University-related health facilities, such as the UNC Health Care System.

## Government Structure

The Town has a Council-Manager form of government. The Town Council is comprised of a Mayor and an eight-member Council. All Council Members serve four-year terms. The Mayor and four Council Members are elected every two years. All elections are on a non-partisan basis. The Council appoints the Town Manager and Town Attorney. The Mayor presides over the Council meetings and has full voting privileges. The Town Manager is the chief administrative officer of the Town. Town departments are responsible to the Town Manager for the provision of public services.

## Demographics

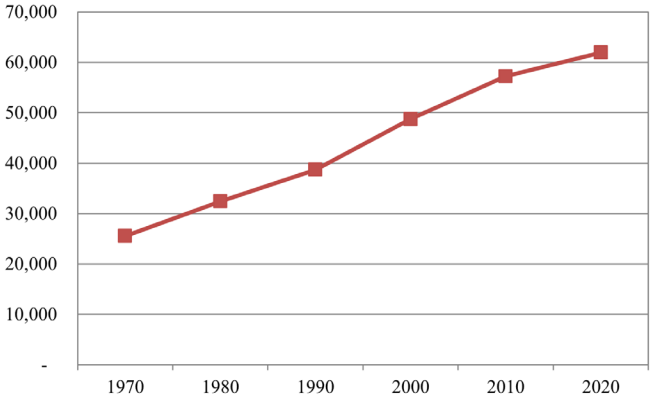
### POPULATION GROWTH AND CHARACTERISTICS

*Population Growth*

Chapel Hill's population increased by over 13,000 since the 2000 Census, totaling 61,960 in the 2020 Census. Figure 1 shows the Town's population growth from 1970 to 2020.

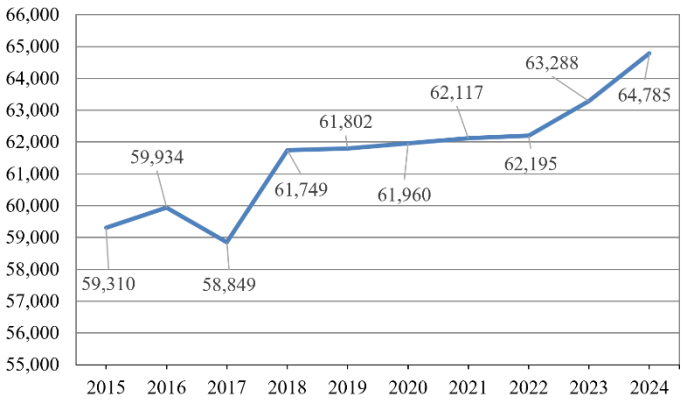
The Town's growth during the 10-year period from 2015 to 2024 amounts to 9.2 percent, while during the same period the County's growth was 8.8%, and the statewide population grew by 10.9%. Figure 2 shows the Town's more recent growth.

**Figure 1. Chapel Hill Population 1970-2020**




*Source: US Census Bureau*

**Figure 2. Chapel Hill Population 2015-2024**




*Source: NC Office of State Budget & Management*

**Table 1: Chapel Hill Population by County (2023)**

| County | Chapel Hill Population |
|---|---|
| Durham County | 2,958 |
| Orange County | 61,827 |
| TOTAL | 64,785 |

*Source: NC Office of State Budget & Management, 2024*

*Racial Makeup & Hispanic Population Growth*

A demographic shift in the 2020 Census revealed an increase in the number of people who described themselves as being Hispanic or of Latino origin, an ongoing trend evident at the national, state, and local levels. Table 2 depicts the breakdown of population percentage by race. The percentage of white persons as a share of the Town's total population declined from 2010 to 2020, and that trend has continued since. People who identified themselves as being of more than one race in 2024 totaled just over 6.7 percent of the Town's total population.

**Table 2: Chapel Hill Population by Race & Origin (2024)**

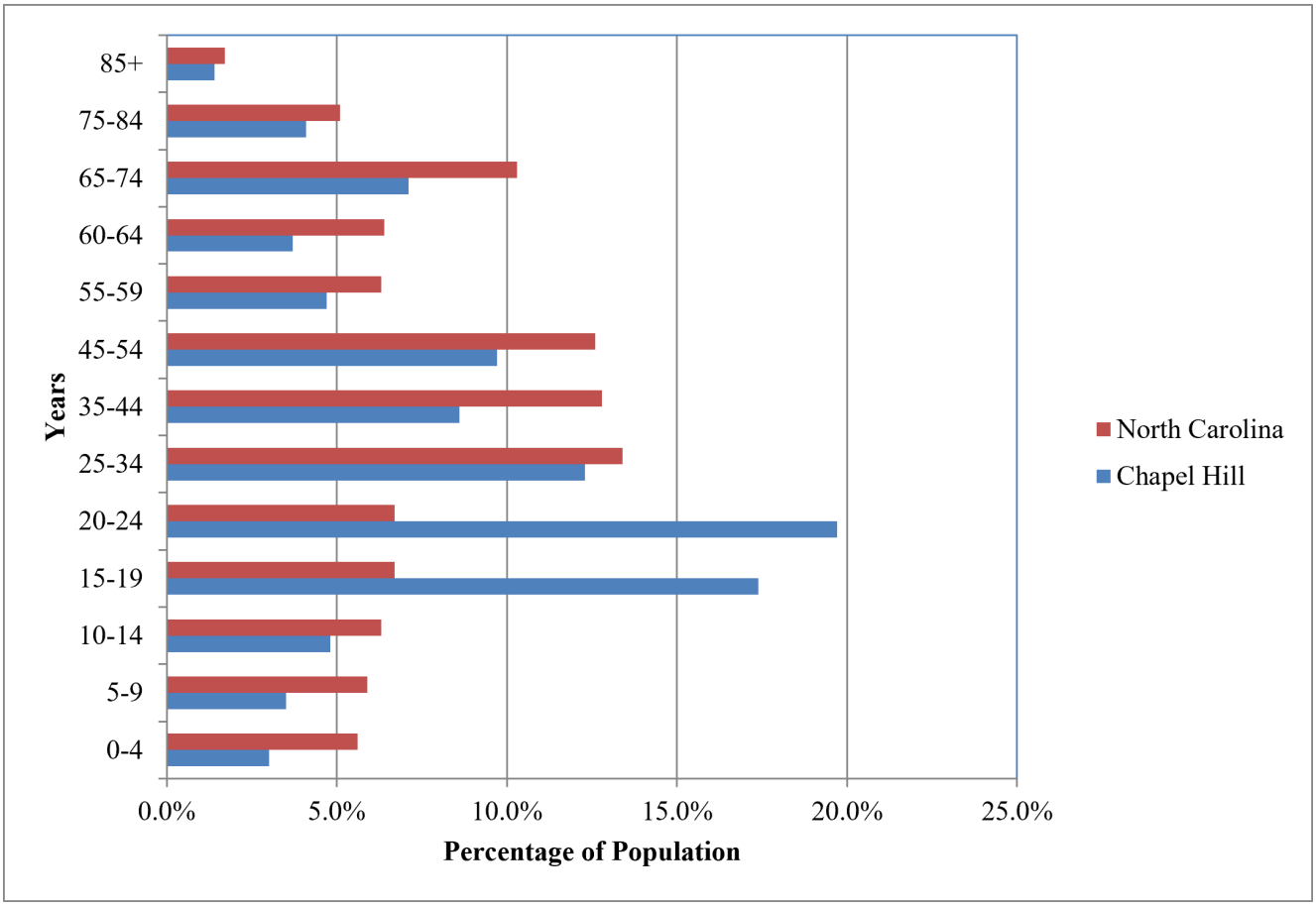
| Race/Origin | % |
|---|---|
| White | 64.9% |
| Black or African American | 11.4% |
| American Indian and Alaska Natives | 0.5% |
| Asian and Pacific Islander | 13.4% |
| Some Other Race | 3.0% |
| Two or More Races | 6.7% |
| Total | 99.9% |
| Hispanic Origin (any race) | 7.6% |

*Source: 2024 American Community Survey, US Census Bureau*
**Percentages don't add up to 100% due to rounding*

## Age

**Figure 3. Age Distribution**

*Figure 3* shows the population distribution for Chapel Hill and the State of North Carolina according to age groups. The bar chart illustrates that the concentration of Town residents who are in the 15 to 19 age group comprises 17.4 percent of the Town's population, while the 20 to 24 age group comprises 19.7 percent. On the State level, the 15 to 19 age group represents 6.7 percent of the population, and the 20 to 24 age group also represents 6.7 percent. The chart illustrates that Chapel Hill has a relatively young population. According to latest estimates from 2024, the Town's median age is 25.8 years old, while North Carolina's median age is 39.1.




*Source: 2024 American Community Survey, US Census Bureau*

## ADDITIONAL DEMOGRAPHIC INFORMATION

*Note: Unless otherwise noted, the following economic and demographic data comes from the 2024 American Community Survey 5-Year Estimate. The data is produced and disseminated by the US Census Bureau's Population Estimates Program.*

**Table 3a: Household Income (# of households)**

| | Chapel Hill | Orange County | North Carolina |
|---|---|---|---|
| | # of Households | # of Households | # of Households |
| **Less than $10,000** | 1,971 | 3,326 | 214,117 |
| **$10,000 to $14,999** | 530 | 1,606 | 158,447 |
| **$15,000 to $24,999** | 1,441 | 3,555 | 304,046 |
| **$25,000 to $34,999** | 1,081 | 2,982 | 316,894 |
| **$35,000 to $49,999** | 1,737 | 5,333 | 501,034 |
| **$50,000 to $74,999** | 2,966 | 8,429 | 719,434 |
| **$75,000 to $99,999** | 1,949 | 6,078 | 556,705 |
| **$100,000 to $149,999** | 2,585 | 9,003 | 710,869 |
| **$150,000 to $199,999** | 1,971 | 5,218 | 355,435 |
| **$200,000 or more** | 4,979 | 11,755 | 445,364 |
| **Total Households** | 21,189 | 57,342 | 4,282,345 |
| **Median Income** | $85,989 | $90,089 | $72,388 |
| **Mean Income** | $145,081 | $136,307 | $101,208 |

**Table 3b: Household Income (% of total)**

| | Chapel Hill | Orange County | North Carolina |
|---|---|---|---|
| | % of Households | % of Households | % of Households |
| **Less than $10,000** | 9.3% | 5.8% | 5.0% |
| **$10,000 to $14,999** | 2.5% | 2.8% | 3.7% |
| **$15,000 to $24,999** | 6.8% | 6.2% | 7.1% |
| **$25,000 to $34,999** | 5.1% | 5.2% | 7.4% |
| **$35,000 to $49,999** | 8.2% | 9.3% | 11.7% |
| **$50,000 to $74,999** | 14.0% | 14.7% | 16.8% |
| **$75,000 to $99,999** | 9.2% | 10.6% | 13.0% |
| **$100,000 to $149,999** | 12.2% | 15.7% | 16.6% |
| **$150,000 to $199,999** | 9.3% | 9.1% | 8.3% |
| **$200,000 or more** | 23.5% | 20.5% | 10.4% |

**Table 4: Educational Attainment of Population 25 Years and Over**

| Educational Attainment | Chapel Hill (% of total) | Orange County (% of total) | North Carolina (% of total) |
|---|---|---|---|
| Less than 9th | 1.9% | 3.4% | 3.9% |
| 9th to 12th, No Diploma | 1.9% | 3.2% | 6.0% |
| High School Graduate | 7.2% | 12.6% | 24.8% |
| Some College, No Degree | 8.0% | 11.9% | 19.6% |
| Associate's Degree | 4.4% | 7.1% | 10.1% |
| Bachelor's Degree | 31.4% | 27.2% | 22.2% |
| Graduate or Professional Degree | 45.2% | 34.6% | 13.5% |

**Table 5: School Enrollment**

| School Enrollment | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---|---|---|---|---|
| Elementary (grades K-5) | 4,666 | 4,653 | 4,901 | 4,541 | 4,299 |
| Intermediate (grades 6-8) | 2,786 | 2,791 | 2,743 | 2,662 | 2,593 |
| Secondary (grades 9-12) | 3,858 | 4,008 | 3,999 | 3,856 | 3,745 |
| **Total** | **11,310** | **11,452** | **11,643** | **11,059** | **10,637** |

*Source: Chapel Hill-Carrboro City Schools*

**Table 6: Unemployment Rates**

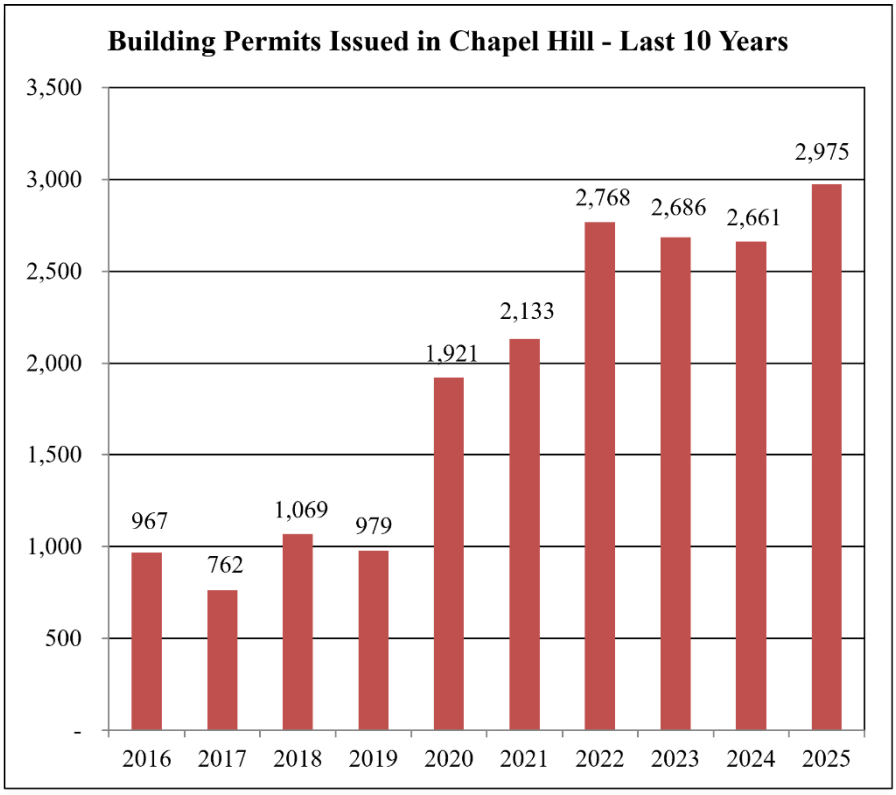
**Regional Average Unemployment Rates 2012-2026**

| Year | Chapel Hill | Orange Co. | NC |
|---|---|---|---|
| 2012 | 6.5 | 6.3 | 9.6 |
| 2013 | 5.6 | 5.2 | 7.8 |
| 2014 | 5.0 | 4.5 | 6.1 |
| 2015 | 5.2 | 4.6 | 5.7 |
| 2016 | 5.2 | 4.5 | 5.1 |
| 2017 | 4.7 | 4.0 | 4.5 |
| 2018 | 4.1 | 3.6 | 4.0 |
| 2019 | 4.1 | 3.6 | 3.9 |
| 2020 | 5.6 | 5.7 | 7.3 |
| 2021 | 4.1 | 3.8 | 4.9 |
| 2022 | 3.7 | 3.2 | 3.7 |
| 2023 | 3.6 | 3.1 | 3.5 |
| 2024 | 3.6 | 3.2 | 3.7 |
| 2025 | 3.7 | 3.3 | 3.8 |
| 2026 | 3.8 | 3.3 | 3.6 |

*2026 rates based on monthly averages through June.

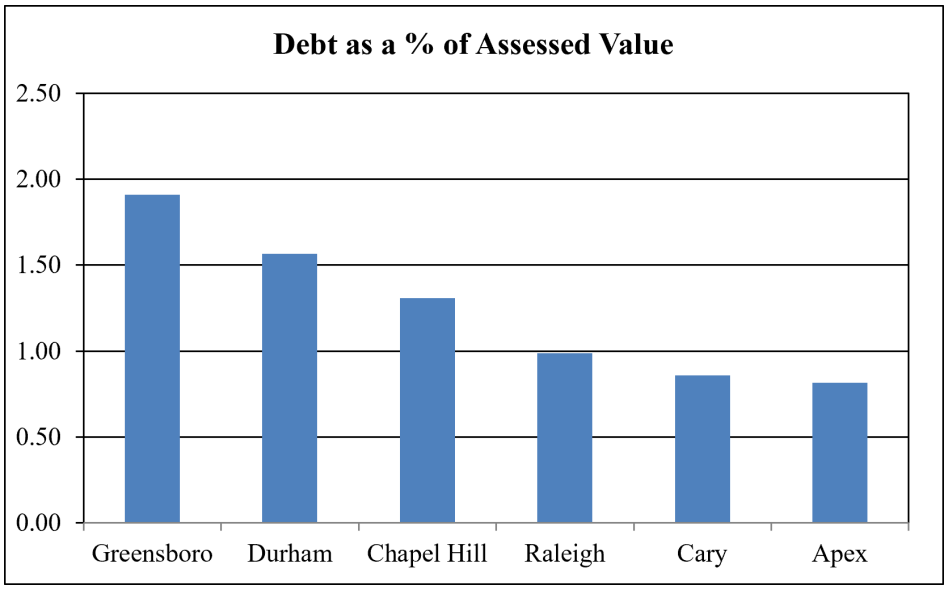
*Source: NC Department of Commerce*

**Table 7a: Economic Indicators – Building Permits**




*Source: Town of Chapel Hill Building & Development Services Department*

**Table 7b: Economic Indicators – Debt Percentage**




*Source: 2024-2025 Annual Comprehensive Financial Reports*

**Table 7c: Economic Indicators – Median Home Price**

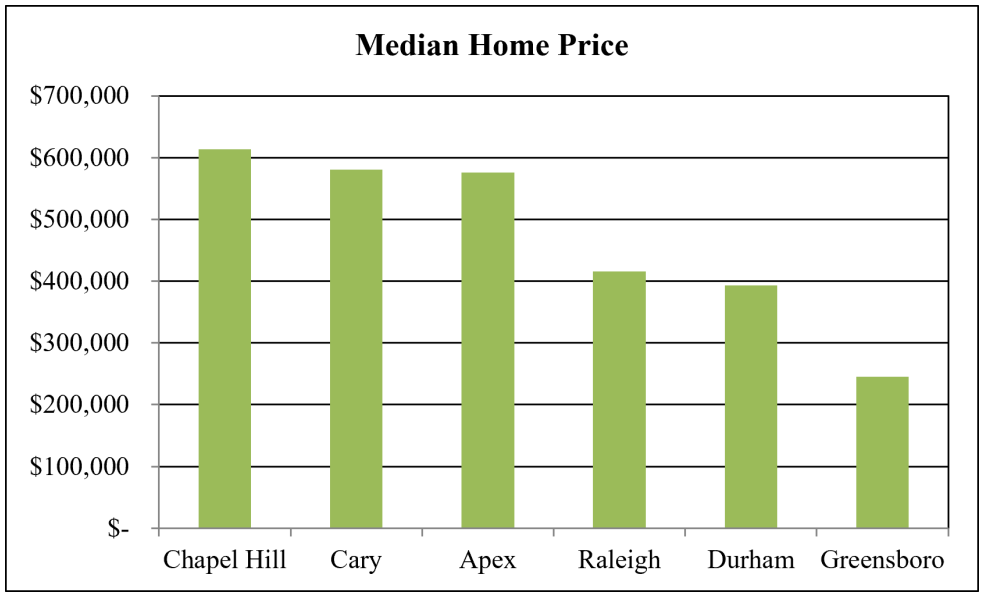



**Table 8: Top Employers**

| **Chapel Hill Top Employers By Size** | |
|---|---|
| **Employer** | **Number of Employees** |
| University of North Carolina at Chapel Hill | 10,000+ |
| UNC Health Care | 10,000+ |
| Chapel Hill-Carrboro City Schools | 1,500+ |
| Town of Chapel Hill, Inc. | 750+ |
| Aramark Food and Support Services | 250+ |
| Harris Teeter | 250+ |
| Wegmans | 250+ |
| Carol Woods Retirement Community | 250+ |
| Hyatt Corporation | 250+ |
| Residential Services, Inc. | 250+ |

*Source: NC Department of Commerce, 2025*

# *MAJOR ECONOMIC DEVELOPMENT*

## Downtown Innovation District

In 2022, the Town completed the Downtown Together planning initiative to create a Downtown Innovation District. The Leadership and Working Groups continue meeting regularly to implement the plan. Goals include recruiting jobs and companies to support the district, physical improvements to help make downtown more attractive, and facilitating development that helps retain companies that begin in Chapel Hill for future jobs.




The Innovation Hub at 136 E. Rosemary Street has been delivered to market, and the Downtown Parking Center at 125 E. Rosemary, a 1,089-space parking deck, is nearing completion. Additional funded initiatives include a Downtown Mobility Study and Streetscape Enhancement Plan, the development of plans for the former Town Hall and for Peace and Justice Plaza, Chapel Hill Downtown Partnership's Clean and Green Team, and marketing associated with tenant recruitment.

Top Goals of the Plan:

- Make Downtown cleaner, safer, and more attractive to earn a premium for place.
- Improve the Development Approval process.
- Proactively market the district to attract business.
- Upgrade parking.

## Economic Community Profile

The Town of Chapel Hill utilizes data products from Applied Geographic Solutions (AGS) to outline a community profile. The following data highlights community characteristics that are unique to Chapel Hill and demonstrate the Town's competitive advantages.

### Labor Force

Chapel Hill has a labor force of 29,931 people, with an unemployment rate of 3.3%.

### Talent

There are 30,572 total employees within the Town's jurisdictional boundary. 82% of Chapel Hill's jobs are White Collar, while 17% of the Town's total jobs are Blue Collar. The largest jobs by occupation are Executive, Managers, and Administrators (13.5%); Community and Social Services (12.07%); Office and Administrative Support (11.55%); and Business and Financial Operations (8.24%).




### Businesses and Jobs

Chapel Hill has a total of 3,257 businesses. The average business has between 1 and 4 employees.

### Spending

Household expenditures in Chapel Hill earn a median yearly income of $94,827, which is 29% more than the State of North Carolina median income and 16% more than the national median income. Household expenditures average $120,504 per year. The majority of earnings are spent on Tax and Retirement, Shelter, Transportation, Grocery, and Entertainment.



# *SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS*

*The Town of Chapel Hill works closely with neighboring municipalities, Orange County, and state and federal agencies to coordinate services, plan for regional growth, and secure funding for key initiatives. Through partnerships in areas like public safety, transit, housing, and infrastructure, Chapel Hill ensures efficient service delivery and alignment with broader regional and governmental goals. Following is a summary of those relationships:*

## Town of Carrboro

- Receives fixed-route, EZ Rider, and Shared Ride transit services from Chapel Hill
- Appoints two members to Orange County Solid Waste Advisory Board and two members to the Orange Water and Sewer Authority (OWASA) Board of Directors
- Receives traffic signal system services from Chapel Hill
- Mutual aid agreement for fire protection; limited joint training with Chapel Hill; uses Chapel Hill's fire training facilities
- Mutual aid agreement for police services
- Chapel Hill operates 30 public housing apartments in Carrboro
- Open facilities policy for recreation services
- Participates in the Orange County Joint Planning Agreement
- Regular staff communications regarding services and policies
- Development at border affects each community

## Orange County

- Mutual aid agreement for police services
- Appoints two members to Orange County Solid Waste Advisory Board; provides landfill and recycling services to Chapel Hill
- Appoints two members to OWASA Board of Directors
- Participates in Joint Planning Agreement
- Operates 911 emergency communications system; dispatches fire and police service units
- Provides jail services for Chapel Hill
- Provides tax assessing and collection services for Chapel Hill; Chapel Hill provides a tax collection service point for Orange County
- Provides grants to Chapel Hill for recreation, library services, and Project Turnaround; Chapel Hill provides grants to Orange County Senior Center, Economic Development Commission, and Retired Senior Volunteer program
- Open facilities policy for recreation services
- Enforces soil and erosion control in Town of Chapel Hill and Regulated Recyclables Ordinance.

# *SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS*

## Town of Hillsborough

- Mutual aid agreement for fire protection; uses Chapel Hill's fire training facilities
- Mutual aid agreement for police services
- Appoints two members of the Orange County Solid Waste Advisory Board

## Orange Water and Sewer Authority (OWASA)

- Chapel Hill appoints five members of the nine-member OWASA Board of Directors
- Reviews utility plans related to standards and specifications
- Mutual aid agreement for emergency response
- Extends water and sewer services in Chapel Hill zoning jurisdiction in accordance with the policies of the Council
- Maintains fire hydrants used by Chapel Hill fire department
- Chapel Hill purchases water and sewer services from OWASA

## Chapel Hill-Carrboro City School System

- Must submit development applications to Chapel Hill for approval when sites are in the Chapel Hill zoning jurisdiction
- Joint use agreements for use of some recreation facilities
- Pays for school resource officers provided by Chapel Hill police department in high schools and middle schools
- Chapel Hill pays cost of providing school crossing guards at elementary schools
- May designate and "reserve" school sites under Chapel Hill zoning ordinance
- Issues permits required under the Schools Adequate Public Facilities Ordinance

## University of North Carolina

- Purchases fixed-route and Shared Ride transit service from Chapel Hill; provides on-campus service equivalent to EZ Rider; provides Point-to-Point transportation service for students, staff, and faculty
- Provides refuse collection and recycling services for University properties
- Traffic signals and Town streets in University campus area are maintained by Chapel Hill
- Fire protection services are provided by Chapel Hill; University budget contributes part of the revenues used by the state to pay part of the cost of fire protection services
- Mutual aid agreement for police services and other emergencies
- Must submit development applications to Chapel Hill when sites are within the Chapel Hill zoning jurisdiction
- Joint Staff Committee meets quarterly

# *SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS*

## City of Durham

- Competes with Chapel Hill for transportation funding
- Provides staff for Metropolitan Planning Organization (Transportation Advisory Committee)
- Durham-Chapel Hill Work Group and request by Town of Chapel Hill for joint planning process.
- Development at border affects each community

## Durham County

- Portion of Chapel Hill is in Durham County
- Provides tax assessing and tax collection services for Chapel Hill portion of County
- Durham-Chapel Hill Work Group

## Chatham County

- Development at border affects each community

## Research Triangle Regional Public Transportation Authority (GoTriangle)

- Chapel Hill appoints one member of the 13-member governing board
- Provides bus service in Chapel Hill connecting to Durham, Research Triangle Park, and other areas of the Triangle
- Competes with Chapel Hill for transit funding from the federal and state government

## Central Pines Regional Council

- Chapel Hill appoints one delegate and one alternate to the board of delegates
- The Town pays dues to support basic operations of the Council and receives planning and other services

# *SUMMARY OF KEY INTERGOVERNMENTAL RELATIONSHIPS*

## State of North Carolina

- The State established the Town by granting a municipal charter
- The Town's powers are granted by the State, and the State imposes limits on the powers of the Town
- The State constructed and maintains a road network within the Town limits
- The State is the conduit for transportation improvement funds used to maintain roads and to maintain and operate the transit system
- The State collects certain taxes and shares proceeds with the Town (sales tax, beer and wine tax, etc.) that contributes to General Fund revenues

## United States Government

- The Town is subject to relevant federal laws and regulations
- Federal agencies provide grants that help support the transit system and transportation planning
- The Town's Community Development and HOME programs are fully funded by the federal government
- The Public Housing program is funded almost entirely by the federal government
- The Town occasionally receives grants for special purposes from federal agencies, including the Department of Justice

# *FUND DESCRIPTIONS AND MAJOR REVENUES*

| Fund Title | Accounts For | Primary Funding Sources |
|---|---|---|
| **GENERAL FUND** | Normal recurring Town activities such as planning, inspections, engineering, public works, public safety, parks and recreation, and library | Property and other taxes, State-shared revenues, grants, charges for services, licenses, permits, and fines |
| **TRANSIT** | | |
| Transit Fund | Operation and maintenance of public transportation, EZ Rider, and Shared Ride services | Federal and State grants, property taxes, and charges for services |
| Transit Capital Reserve Fund | Reserve fund for replacement of buses and other capital equipment and improvements | Contributions from the Transit Operating Fund |
| **PARKING** | | |
| Parking Facilities Fund | Off-street parking facilities, monthly rental parking, on-street parking enforcement, and parking meters | Short-term parking fees, monthly rentals, parking meter collections, and parking citations |
| **STORMWATER MANAGEMENT** | | |
| Stormwater Management Fund | Management of stormwater to protect water quality as mandated by NC General Statutes | Stormwater Management Fees |
| **HOUSING** | | |
| Public Housing Fund | Management of public housing units and residential rehabilitation | Federal grants and rental income |
| **DEBT** | | |
| Debt Service Fund | General obligation debt, proprietary debt, COPS debt, and other governmental debt | Property taxes |

# *FUND DESCRIPTIONS AND MAJOR REVENUES*

| Fund Title | Accounts For | Primary Funding Sources |
|---|---|---|
| **CAPITAL PROGRAMS** | | |
| Capital Improvements Fund | Capital improvements projects such as park improvements, fire hydrants, stormwater management, and traffic signals | Transfers from Capital Reserve Fund and General Fund |
| Capital Reserve Fund | Reserve fund for capital improvements projects such as library facilities, parks and recreation improvements, fire hydrants, stormwater management, and traffic signals | Transfer from General Fund |
| **OTHER FUNDS** | | |
| Special Revenue Funds | | |
| Grants Fund | Miscellaneous grants | Federal and State grants |
| Downtown Service Fund | Promotion of Downtown economic development | Property taxes |
| Library Gift Fund | Gifts and donations received for the library | Gifts and donations |
| Climate Action Fund | Projects and personnel to address climate change | Transfer from General Fund |
| Internal Service Funds | | |
| Vehicle Replacement Fund | Centrally managed vehicle replacement | Charges to General Fund |
| Fleet Management Fund | Centrally managed fleet maintenance | Charges to General, Parking, and Housing Funds |
| Computer Replacement Fund | Centrally managed computer replacement | Charges to General Fund |

# *FUND BALANCE*

Fund balance (net assets) is the accumulated difference between revenues and expenditures in a governmental fund and is like "working capital" for a private business. Portions of fund balance are intended to meet the cash flow and working capital needs of the Town in accordance with reserve recommendations of the North Carolina Local Government Commission (LGC). A portion of fund balance is reserved for specific purposes, as required by North Carolina statute, and is not available for appropriation, while the remainder is available for Council appropriation. It is a Town goal to maintain fund balance at a level that will meet on-going cash flow needs and provide available funds to meet unexpected emergency situations.

Fund balance will be presented in the categories required by GASB Statement No. 54, as shown at right.

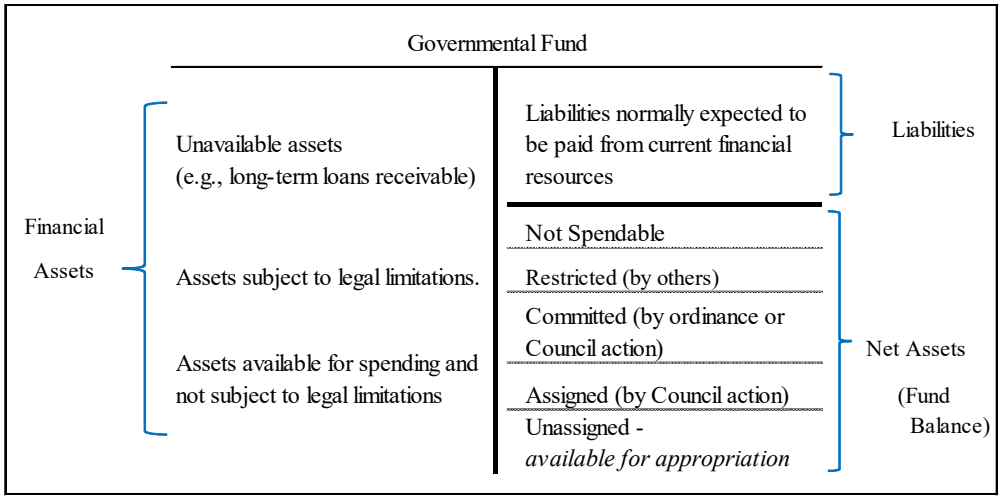
**Fund balance designation**

| | | |
|---|---|---|
| Nonspendable | Not available | Restricted |
| Restricted | | |
| Committed | Constraint imposed by Council action | |
| Assigned | | |
| Unassigned | Available for appropriation | Available |

Town practices regarding net assets (fund balance) include the following:

- In June 2019, the Town Council adopted a fund balance policy which set a targeted minimum unassigned fund balance of 22% of General Fund Expenditures. The reserve is for cash flow, emergencies, and opportunities. Please refer to pages 70-71 for more information on the Town's current fund balance. Pages 72-77 provide a detailed financial schedule which includes net unreserved assets over a three-year period.

- The Town seeks to maintain a level of net assets appropriate to retain its high bond ratings: Moody's Investor Service—AAA and Standard and Poor's—AAA. Bonding agencies use the percentage of unrestricted net assets as a key indicator when assessing the Town's creditworthiness.



# *DEBT*
## *INTRODUCTION & BACKGROUND*

The Town has the authority to finance capital projects and major equipment purchases using long-term debt. The underlying principle for this type of financing is to spread the cost of the project over a longer time-period to eliminate the spike in costs associated with major projects. In addition, the use of long-term debt matches the repayment period of the debt with the taxpayers who will be enjoying the benefits of the capital project. The Town, like other government agencies, can borrow at low tax-exempt rates for most capital projects, thereby improving the affordability of issuing debt to finance capital projects.

The State of North Carolina provides local governments several methods to finance these sorts of purchases:

- General Obligation Bonds
- Two-thirds General Obligation Bonds
- Revenue Bonds
- Contract Installment Financing

**Essentials:**

*Town policy and practice limits annual general government debt service up to 10% of total governmental funds.*

*State statutes only allow debt issuance for capital expenditures.*

*Per State law, the Town's debt may not exceed 8% of the Town's assessed property valuation.*

*General obligation bonds are secured by the pledge of "full faith and credit" and taxing authority of the Town.*

**General Obligation Bonds**

The issuance of General Obligation bonds (GO bonds) is the most commonly used financing method for large-scale capital projects. Issuance of GO bonds requires approval by voters through a bond referendum and requires approval by the North Carolina Local Government Commission (LGC). When GO bonds are issued, a local government pledges to repay the debt from any and all revenues available to the unit. This pledge is generally referred to as a pledge of the "full faith and credit" of the governmental unit, including a pledge of property tax revenue. GO bonds are typically issued with 20-year terms. In North Carolina, the use of GO bond proceeds is limited to capital and capital-related costs.

The statutory limit on the amount of debt issued by a local government in North Carolina is 8% of the value of the taxable property base in the unit. This limitation pertains to principal only. In practice, most jurisdictions are far below the 8% limit, as the affordability of debt service payments usually becomes an issue well before reaching the 8% limit.

**Two-Thirds GO Bonds**

There is a provision in North Carolina Statutes that allows units to issue bonds in an amount equal to two-thirds of the net principal amount of GO debt retired in the previous year. These bonds can be issued without a referendum, for purposes specifically authorized in the statute, and must be approved by the LGC in the same manner as other debt financing. The amount of two-thirds bonds that can be issued at any time is relatively small and therefore they are often combined with other debt issues in order to achieve economies of scale with respect to the cost of issuance.

**Revenue Bonds**

Revenue bonds are typically issued for enterprise operations, where there is a stream of revenues available to pledge for repayment of the bonds. Examples include parking operations, water and sewer, and electrical utilities. Revenue bonds are generally issued for projects that are associated with a specific revenue stream that can be estimated and pledged as a source of debt repayment. The approval process for revenue bonds includes, among other things, an independent feasibility study including verification that pledged revenue exceeds debt service by at least 20%. Ongoing independent evaluation of the maintenance of the project and the adequacy of revenues to cover debt service are required while the bonds are outstanding.

The Town currently does not have revenue bonds outstanding. However, in past years the Town issued revenue bonds for off-street parking operations, including the purchase of parking lots 2 and 5 and for the James C. Wallace Parking Deck. In 1994, all of the Town's parking revenue bonds were replaced by Certificates of Participation.

**Installment Contract Financing**

General Statute 160A-20 allows local governments to enter into installment contracts to finance the cost of capital projects. Under this method of financing, the unit enters into a contract with a financial institution in which the financial institution provides funding for the project. The financial institution maintains a security interest in the project until the governmental units repays the loan. For this method of financing, local units pledge to pay the installments from any revenues available, but do not pledge the "full faith and credit" of the unit. Contracts under $500,000 with less than a five-year maturity do not require approval by the LGC.

Installment contracts greater than $500,000 or maturities over five years require approval by the LGC, except for the purchase of vehicles and rolling stock which may be purchased in any amount without LGC approval. Installment contracts involving the purchase of land or buildings or improvements to land or buildings require approval by the LGC regardless of the dollar amount or maturity involved.

The Town has used installment contract financing for various projects, including the purchase of vehicles and computers, and for capital renovations to public buildings.

**Certificates of Participation**

General Statute 160A-20 also allows a local government unit to issue Certificates of Participation (COPs), another form of installment contract financing. COPs are a financial instrument that are secured by the installment payments made by a local government. An installment financing is usually a transaction between a municipality and a bank, while a COPs transaction allows multiple investors to participate in the transaction through an underwriting arrangement with an investment bank.

**Additional Debt Information**

Please refer to pages 200-207 for additional information on the Town's debt and bond ratings.

# *CAPITAL PROGRAM INTRODUCTION AND BACKGROUND*

The Capital Program is a 15-year financial plan for the Town's major capital and infrastructure needs. The Capital Program identifies capital needs, establishes priorities, identifies potential funding sources, and includes needs for which sources of funding have not been identified. Key sources for identifying capital needs include the Facility Condition Assessment, the Comprehensive Plan, Council Goals and Priorities, special studies, and other ideas from the Council, citizens, and staff.

The Capital Program is comprehensive in scope. It includes all identified capital projects and a range of funding sources, as well as projects that have been identified but for which funding is not available. It includes projects that are funded through the Town's annually budgeted Capital Improvements Fund, and those projects that are funded through bonds, State and federal grants, and other sources. The Capital Program does not include the capital needs of the Chapel Hill-Carrboro City School System, the Orange Water and Sewer Authority, or the Orange Regional Landfill. Most projects funded by bonds, grants, and other special funding sources are accounted for in Multi-Year Capital Project Funds, such as various capital projects funded from bonds, and are therefore not included in the annual operating budget.

Please refer to the Capital Program section, starting on page 260, for additional information on the Town's Capital Improvements Fund.

# *FUND STRUCTURE & BASIS OF BUDGETING*

The accounts of the Town are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts reflecting its assets, liabilities, fund balance/retained earnings, revenues, and expenditures/expenses. The funds of the Town are created because of the diverse nature of governmental operations and the necessity of complying with legal provisions. The Town has two broad fund categories: governmental and proprietary.

**BASIS OF BUDGETING**

The budgets of general government type funds (for example, the General Fund and Debt Service Funds) are prepared on a modified accrual basis. Briefly, this means that obligations of the Town (for example, outstanding purchase orders) are budgeted as expenditures, but revenues are recognized only when they are measurable and available.

The Enterprise Funds (Transit, Parking, Stormwater Management, Housing, and Internal Service) also recognize expenditures as encumbrances when a commitment is made (e.g., through a purchase order). Revenues, on the other hand, are recognized when they are obligated to the Town (for example, charges for transit services are recognized as revenue when service is provided).

In all cases (Enterprise Funds and Governmental Funds), when goods and services are not received by year end, encumbrances evidenced by unfilled purchase orders lapse, but are normally reappropriated to the following year's budget through an amendment to the budget approved by the Town Council.

The Annual Comprehensive Financial Report (ACFR) shows the status of the Town's finances based on "generally accepted accounting principles" (GAAP). In most cases, this conforms to the way the Town prepares its budget. Exceptions are as follows:

a. Compensated absence liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees (GAAP basis) as opposed to being expended when paid (Budget basis).

b. General staff and administrative charges for the Transit, Parking, and Stormwater Management Funds are accounted for and funded by operating transfers into the General Fund from these funds on the Budget basis as opposed to a GAAP basis.

c. Principal payments on long-term debt within the Enterprise Funds are applied to the outstanding liability on a GAAP basis, as opposed to being expended on a Budget basis.

d. Capital outlays within the Enterprise Funds are recorded as assets on a GAAP basis and expended on a Budget basis.

e. Depreciation expense is recorded on a GAAP basis only.

One type of budget entry that is shown differently for budgetary purposes and GAAP is the purchase of an item using installment financing. The actual budget entries for an installment financing agreement can make it appear that the Town is paying twice for the same purchase, because there are two pairs of budget entries in the year that an installment financing takes place. The first pair gives the Town budget authority to make a certain purchase (for example, a fire engine) and receive the financing from a bank or other financial institution for the purchase. In the case of a fire engine costing $500,000, the budgetary lines would show the following:

| | | |
|---|---|---|
| REVENUES | Financing Proceeds | $500,000 |
| EXPENDITURES | Capital Equipment | $500,000 |

The second pair of budget entries allow for the first year repayment of the installment (or lease-purchase) debt. That set of budget entries shows the amount of the debt to be paid in the year and the source of the revenue that will provide the cash to make the payment. For the fire engine example, assuming that the Town secures financing for eight years at 5% and that the Town will make a payment for one-eighth the cost of the fire engine in the first year, the budgetary lines would show the interest and principal payment as following:

| | | |
|---|---|---|
| REVENUES | Appropriated Fund Balance (or other revenue source) | $77,360 |
| EXPENDITURES | Installment (lease/purchase) financing payment | $77,360 |

If the Town made no further installment financing agreements, the Town would show the budgetary requirement for repaying the bank or other financial institution in each of the following seven years.

In addition to approving the budget authority for the above transactions, the Town Council would have to specifically approve each installment financing agreement as required by State law.

The Annual Comprehensive Financial Report shows fund expenditures and revenues on both a GAAP basis and Budget basis for comparison purposes. Because the Town prepares its financial statements using the Government Accounting Standards Board 34 Model, the financial statements include government-wide financial statements aimed at presenting a broad overview of a government's finances. There are two basic government-wide financial statements: the statement of net assets and the statement of activities. These two statements report a government's governmental activities separately from its business-type activities. Fiduciary funds and fiduciary-like component units are excluded from the government-wide financial statements. All activities included within the government-wide financial statements, both governmental and business-type, are measured and reported using the economic resources measurement focus and the full accrual basis of accounting.

# *FUND STRUCTURE & BASIS OF BUDGETING*

**GOVERNMENTAL FUNDS**

Governmental funds are those which finance most governmental functions of the Town. The Town follows the modified accrual basis of accounting and budgeting for all governmental funds. Under this method, revenues are recorded as the amount becomes susceptible to accrual by becoming measurable and available to finance the Town's operations. Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, money must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized when the expenditures are recorded. Major components of this type of revenue are grants and gas tax refunds. In the other, funds are virtually unrestricted as to purpose of expenditure and are revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Major revenues susceptible-to-accrual under this category are State-shared revenues.

Licenses and permits, charges for services, and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest on investments is recorded as earned since it is both measurable and available.

The following are the Town's Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town's special revenue funds consist of the Community Development Entitlement Grant Projects Ordinance Fund, the Transit Grant Projects Ordinance Fund, the Grants Fund, the Downtown Service District Fund, Transitional Housing Fund, Affordable Housing Fund, the Land Trust Fund, the Library Gift Fund, and the Climate Action Fund. Only the Grants Fund, Downtown Service District Fund, and Climate Action Fund are budgeted annually and are included in detail in this document.

Debt Service Fund - The Debt Service Fund is used to account for the payment of general obligation long-term debt principal, interest, and related costs. A portion of the property tax provides the revenues for this fund. Payments of long-term debt associated with Enterprise Fund operations are shown in the Enterprise Funds themselves.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by special revenue, proprietary funds, and trust funds). The Town has three capital projects funds: the

Capital Projects Ordinance Fund, the Capital Improvements Fund, and the Capital Reserve Fund. Only the Capital Improvements Fund and Capital Reserve Fund are budgeted annually and are included in detail in this document.

**PROPRIETARY FUND TYPES**

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (total expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town has four Enterprise Funds: the Transit Fund, the Parking Facilities Fund, the Stormwater Management Fund, and the Public Housing Fund.

The enterprise funds are accounted for using the accrual basis of accounting. The revenues of these funds are recognized when they are earned, and expenses are recognized when they are incurred.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one unit, or to other governmental units, on a cost-reimbursement basis. The chief aim of an internal service fund is cost reimbursement, including the exhaustion of capital assets or "depreciation expense." The Town has three Internal Service Funds: the Vehicle Replacement Fund, the Computer Replacement Fund, and the Fleet Management Fund.

**BUDGETARY CONTROL**

The appropriations in the various funds are formally budgeted on a departmental or functional basis depending on the fund type. Changes of functions and total budgets of any fund require approval by the Town Council. Budgetary control is maintained at the individual budget object line item level (e.g., salaries, supplies, etc.). Neither an operational expenditure nor an encumbrance is processed when the transaction would result in an overrun of an individual line item budget.

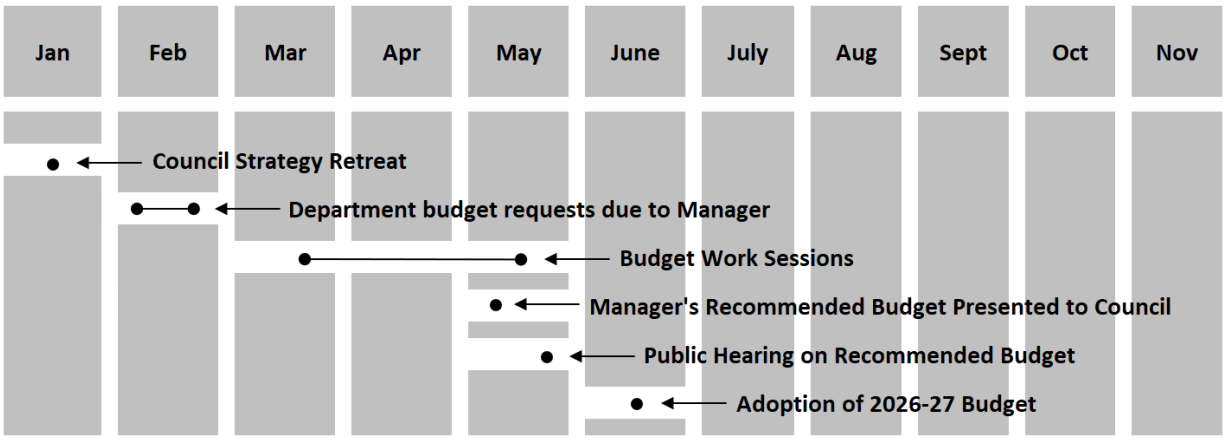
**DEPARTMENTS/DIVISIONS**

Departments may be further represented by divisions. In this document, each department or division summary contains a key objective, a budget summary by expenditure category, major offsetting revenues, major expenses, including capital outlay, and an authorized full-time equivalent position count. For departments consisting of more than one division, a department summary precedes the department's division summaries.

# *FUND STRUCTURE & BASIS OF BUDGETING*

| | Major Fund | Non-Major Fund | Included in Budget | Included in ACFR |
|---|---|---|---|---|
| **Governmental Funds** | | | | |
| **General Fund** | ✓ | | ✓ | ✓ |
| General Government | | | ✓ | ✓ |
| Environment & Development | | | ✓ | ✓ |
| Public Safety | | | ✓ | ✓ |
| Leisure | | | ✓ | ✓ |
| **Special Revenue Funds** | | | | |
| Community Development Entitlement Grant Projects Ordinance Fund | | ✓ | | ✓ |
| Transit Grant Projects Ordinance Fund | ✓ | | | ✓ |
| Grants Fund | | ✓ | ✓ | ✓ |
| Downtown Service District Fund | | ✓ | ✓ | ✓ |
| Transitional Housing Fund | | ✓ | | ✓ |
| Land Trust Fund | | ✓ | | ✓ |
| Library Gift Fund | | ✓ | ✓ | ✓ |
| Climate Action Fund | | ✓ | ✓ | ✓ |
| Affordable Housing Fund | | ✓ | | ✓ |
| American Rescue Plan Fund | ✓ | | | ✓ |
| **Debt Service Fund** | ✓ | | ✓ | ✓ |
| **Capital Projects Funds** | | | | |
| Capital Projects Ordinance Fund | ✓ | | | ✓ |
| Capital Improvements/Projects Fund | | ✓ | ✓ | ✓ |
| Capital Reserve Fund | | ✓ | ✓ | ✓ |
| **Proprietary Funds** | | | | |
| **Enterprise Funds** | | | | |
| Transit Fund | ✓ | | ✓ | ✓ |
| Parking Facilities Fund | ✓ | | ✓ | ✓ |
| Stormwater Management Fund | ✓ | | ✓ | ✓ |
| Public Housing Fund | ✓ | | ✓ | ✓ |
| **Internal Service Funds** | | | | |
| Vehicle Replacement Fund | | ✓ | ✓ | ✓ |
| Fleet Management Fund | | ✓ | ✓ | ✓ |
| Computer Replacement Fund | | ✓ | ✓ | ✓ |
| **Fiduciary Funds** | | | | |
| Other Post Employment Benefits (OPEB) Trust Fund | | ✓ | | ✓ |

# *OVERVIEW OF BUDGET PROCESS*




Budget preparation allows departments the opportunity to reassess goals and objectives and the means for accomplishing them. Even though the budget may be heard by the Mayor and Town Council in May and adopted in June, its preparation begins at least six months prior, with projection of Town reserves, revenues, expenditure limit requirements, and financial capacity. It is with this "groundwork" that departmental expenditure requests are made and subsequently reviewed. Specific dates relating to the FY2026-27 budget process can be found on the Town's website here.

**Financial Capacity Phase**

Forecasting is an integral part of our decision-making process. Both long-range and short-range projections are prepared. The Town's Long-Range Financial Projections are updated annually to assess not only current financial condition given existing Town programs, but future financial capacity, given long range plans and objectives.

A five-year financial forecast is prepared for each major operating fund projecting both expenditures and revenues and their fiscal impact on the respective funds.

**Policy/Strategy Phase**

The Town Council's goals and directives set the tone for the development of the budget. Shortly after the budget is adopted for the next year, the Council meets, as early as September, but not later than January, to identify priorities, issues, and projects impacting the next fiscal year budget. In January or February of each year, the Council holds a strategic planning meeting to identify key policy issues that will provide the direction and framework of the budget. The Manager and Finance Officer provide an updated short- and long-range financial forecast to assist the Council in providing budget policy and direction for the upcoming budget.

Aside from the Council's own objectives, Town departments identify and discuss their policy issues with the Town Manager throughout the year. In December of each year, a budget kickoff meeting led by the Manager provides budgetary directions and guidelines to the departments.

Participants also help formulate and identify internal and overall budget objectives for the coming year.

The meeting includes discussion of Town-wide goals and objectives, budgeting guidelines for the operating and capital budgets, timelines, an overview of fiscal constraints, and resources available for allocation. The Budget Directives and Instructions distributed at these meetings are designed to assist the departments in preparing all budget requests and forms.

**Needs Assessment Phase**

The departments have an opportunity to assess current conditions, programs, and needs. During this phase, departments are encouraged to thoroughly review all programs and services, assessing their value and priority to the citizens of the Town. Programs are examined for possible reductions, eliminations, or trade-offs. Additionally, departments reassess service level standards and workload indicators. They then attempt to provide the "best fit" of resource allocation with service and workload estimates. From this process, they prepare preliminary departmental budget requests that are submitted to the Manager in February.

**Review/Development Phase**

Within the framework of the Town's financial capacity, the Town Council and Town Manager review priorities and departmental needs assessments, review budget requests, and a preliminary Town-wide operating budget takes shape. The departments initially prepare and submit base budgets. In addition, department heads submit proposals for program changes and budget additions or deletions.

**Implementation/Adoption Phase**

In March, each Departmental Budget Request is reviewed in detail with the Town Manager, Deputy Manager, and the Finance Officer to review service and funding levels for each Department as part of the total budget and to begin work on recommendations for the Council's consideration.

March through May, the Council also holds budget work sessions in which the Town presents preliminary budget requests and discusses budget goals, policies, and departmental needs with the Council. The Town Manager and designated Department Directors also present requests for additional services to the Council. In these sessions, the Town Council provides further direction to the Manager and Departments on development of the budget for the coming year.

After the initial budget work sessions, the Manager presents to the Council a status report on development of the operating and capital budgets and on preliminary recommendations for the use of all federal and State grant funds for housing programs, public transportation, and community development activities.

The status report provides preliminary estimates of revenue and expenditures for the upcoming budget, identifies the most important budget issues for the Council, and provides an assessment of how the preliminary revenue and expenditure estimates may impact the tax rate for the coming year. The presentation of this report is provided at a public forum of the Council in which interested citizens and community groups provide budgetary information, feedback, or make funding requests to the Town Council. In April and May, the Council may hold additional budget work sessions as desired, providing further direction to the Manager and staff regarding a recommended budget.

In accord with North Carolina State law, the Manager is required to submit a recommended budget to the Town Council. The Manager's Recommended operating and capital budget is submitted to the Town Council in early May and includes proposed revenue and expenditure levels and recommended changes in the tax rate for the coming year. Submittal of the recommended budget is followed by as many budget work sessions as are desired by the Council. A public hearing on the recommended budget, as required by law, is held in May, followed by additional budget working sessions held by the Town Council as needed.

In accord with State law, the Town Council must adopt a final budget and set the tax rate for the next fiscal year by July 1 each year, or they must adopt an interim budget providing temporary appropriations until a permanent budget is adopted. After adoption of the budget, management control of the budget is maintained by conducting budget performance reviews at least quarterly throughout the fiscal year. The reviews are aimed at examining expenditure patterns and recommending corrective action to be taken during the year. Additionally, detailed financial records are maintained to evaluate actual revenues and expenditures against the budget.

**Budget Amendments**

The Town Manager may transfer funds between departments within a function, between functions of the operating budget of the same fund, and between projects of the Capital Improvement Plan (CIP) with a quarterly report to Council. The Town Manager may also approve intradepartmental transfer requests and transfers between line items within capital project budgets. Transfers between funds, however, may only be authorized by the Town Council.

**Budget Roles and Responsibilities**

Every employee plays a role in budgeting, whether in its formulation, preparation, implementation, administration, or evaluation. Ultimately, of course, the Senior Management Team, through the Town Manager, is accountable to the Town Council for the performance of departmental personnel in meeting specific objectives within allocation resource limits. Actual budget preparation responsibility can be identified more specifically:

1. Division heads and the Senior Management Team are responsible for reviewing, modifying, and assembling their cost data into a departmental request package and potential budget plan. The Senior Management Team critically evaluates all requests, prioritizes them, and then digitally submits only those requests which are consistent with Council policies, administrative direction, and departmental objectives. The preparation of the budget requests, goals, and

objectives should coincide with stated annual goals.

2. The Finance Officer and staff within the Business Management Department are responsible for (a) preparing short- and long-range revenue and expenditure forecasts, (b) reviewing departmental budgets with Senior Management and individual departments, (c) analyzing, summarizing, and making recommendations on the budget requests to the Town Manager and the Deputy Manager, and (d) reviewing the linkage between budget requests and overall budget goals and policies.

3. The Deputy Manager is responsible for reviewing the departmental operating and CIP requests within the context of the Council priorities, Town Manager directives, and budget goals for their respective groups and submitting their recommendations for review by the Town Manager.

4. The Town Manager is responsible for reviewing the total financial program and formulating the Town-wide Recommended Budget to be submitted to the Town Council for adoption.

5. The Town Council is responsible for the review of the Manager's Recommended Budget and approval of a final budget.

**Budgeting for the Capital Program**

Each year, the Town Council, citizens, boards and commissions, and staff consider the Town's capital project needs and possible funding sources. Beginning in the fall of each year, departments submit project requests that are reviewed by the Senior Management Team and the Town Manager. This team develops a draft proposal for consideration by the Town Council.

At the same time, the Council solicits input from advisory boards and citizens on ideas for inclusion in the Capital Improvements Plan. Input from the departmental review process and the citizen and advisory boards assist the Council in deciding which capital improvements the Town may undertake as funding becomes available.

# *BUDGET GUIDELINES & PRACTICES*

*The budgetary guidelines and practices enumerated below outline a general framework of budgetary goals and objectives regarding the operating budget, debt service, capital expenditures, reserves, and financial reporting. They provide standards against which current budgetary performance can be measured, as well as proposals for future program evaluation.*

*****

| **OPERATING BUDGET** | |
|---|---|
| **Guideline** | **Comment** |
| Current revenues will be sufficient to support current operating expenditures. | The Town seeks to use stable, annually recurring revenues to pay for costs which tend to continue from year to year and seeks to avoid using one-time revenues for annually recurring costs. |
| Financial systems are maintained to monitor expenditures, revenues, and program performance on a continuing basis. | The Town maintains a computerized financial system on a continuing basis that monitors and compares all actual revenues and expenditures to approved budget estimates and appropriations. |
| Revenues and expenditures are projected for a five-year period and updated annually. | The Town's annual budget includes a five-year forecast for the revenues and expenditures of the Town's major operating funds, and monitors and updates the forecast at periodic intervals during the fiscal year. |
| All fund budgets are balanced. | Planned expenditures equal anticipated revenues including possible fund balance appropriations. In North Carolina, it is required that the budget submitted to the Town Council be balanced. |

| DEBT SERVICE | |
|---|---|
| **Guideline** | **Comment** |
| Long-term debt is not issued to finance current operations. | In accordance with North Carolina State law, long-term debt may be issued only to finance capital improvements and capital purchases over the life of the improvements or equipment. Deficit financing for current operations is not permitted by State law. |
| General Obligation Bonds will be issued to finance capital improvements and equipment at moderate levels that will not exceed the Town's resources and capacity for repaying the debt. | General Obligation bonds are normally issued to finance capital improvements as desired by the Town Council and Town citizens at levels that maintain financial stability and require moderate and stable tax rate increases. Consistent with this guideline, the Town strives to maintain annual debt service payments totaling less than 10% of General Fund expenditures in a given year. This conservative guideline assists the Town in maintaining its Triple A (AAA) bond rating. |

| CAPITAL EXPENDITURES | |
|---|---|
| **Guideline** | **Comment** |
| Consistent with the policy of the Town Council, a fifteen-year capital improvements program is developed and updated during the annual budget process, including anticipated funding sources. | Annually, the Town prepares a fifteen-year Capital Improvements Program Budget that summarizes current capital improvements projects and future capital improvement needs. This program includes ongoing pay-as-you-go financing, installment contract financing, current and proposed long-term bond-financed projects, and projects funded by grants and miscellaneous funding sources. |
| **Guideline** | **Comment** |
| Capital projects financed through the issuance of bonds are financed for a period not to exceed the expected useful life of the project. | Consistent with general State law and guidelines in North Carolina, general obligation bonds are normally issued for a period of 20 years for capital improvements that extend over the same 20-year period. |

# *BUDGET GUIDELINES & PRACTICES*

| CAPITAL EXPENDITURES | |
|---|---|
| **Guideline** | **Comment** |
| The Town coordinates development of the capital improvements budget with development of the operating budget. Future operating costs associated with the new capital improvements should be projected and included in the operating budget forecasts. | Operating costs of projects included in the Capital Improvements Program and budget are incorporated into the Town's operating budget annually and are reflected in the Town's annual five-year forecast for its major operating funds. |
| The Town strives to maintain all its physical assets at a level adequate to protect the Town's capital investment and to minimize future maintenance and replacement costs. | The Town strives to maintain its capital investment by addressing future maintenance and replacement costs in its fifteen-year capital improvements program. Both pay-as-you-go financing and installment financing are used to address capital maintenance needs. When deferrals of capital maintenance are proposed due to unusual budgetary constraints, the amount of deferrals are specifically identified and limited to the extent practical. |

| NET ASSET (FUND BALANCE) RESERVES | |
|---|---|
| **Guideline** | **Comment** |
| The Town seeks to continue to maintain its financial reserve position consistent with local policy established by Town Council, which recommends reserving a minimum of 22% of General Fund expenditures for cash flow considerations and emergencies. | The Town's annual budget and revenue and expenditure recommendations are developed and designed to ensure that its financial position and reserve levels are adequate to retain reserve levels recommended by local policy for the General Fund and other major operating funds, including the Transit and Parking enterprise funds. The Town's current balances are consistent with the minimum recommendation. The Town seeks to increase these reserve levels as the expenditure levels increase in each fund to maintain a constant reserve percentage. |

| FINANCIAL REPORTING | |
|---|---|
| **Guideline** | **Comment** |
| The Town's accounting and financial reporting systems will be maintained in conformance with current generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA). | The Town participates in the accounting and budgeting awards programs of the association, receiving the Certificate of Achievement for Excellence in Financial Reporting for fiscal year ending June 30, 2025 and Distinguished Budget Award in 2025-26 and in past years. The Town plans to continue participation in these programs annually. |
| Consistent with State law, an annual audit will be performed by an independent public accounting firm with subsequent issuance of an Annual Comprehensive Financial Report (ACFR). Full disclosure will be provided in the general financial statements and all bond representations. | The Town prepares an Annual Comprehensive Financial Report that receives an unqualified opinion from an independent accounting firm each year. As required by State law, the annual report is submitted to the N.C. Local Government Commission staff for a detailed review of compliance with Commission recommendations and guidelines and compliance with applicable accounting and financial reporting standards. |

# *BUDGET ASSUMPTIONS*

Major issues affecting Town revenues for the 2026-27 budget include continued economic impacts that we anticipate impacting revenues in a number of areas. The continuation of slow property tax base growth has not kept pace with the increase in expenditures. Delays in the construction of major approved development projects and the diminishing supply of developable land have exacerbated the problem. State and Federal budget decisions also have a major effect on the Chapel Hill budget, particularly in the areas of public transportation and housing.

The 2026-27 budget incorporates the following assumptions:

- The property tax base is estimated to be $14.17 billion in 2026-27.

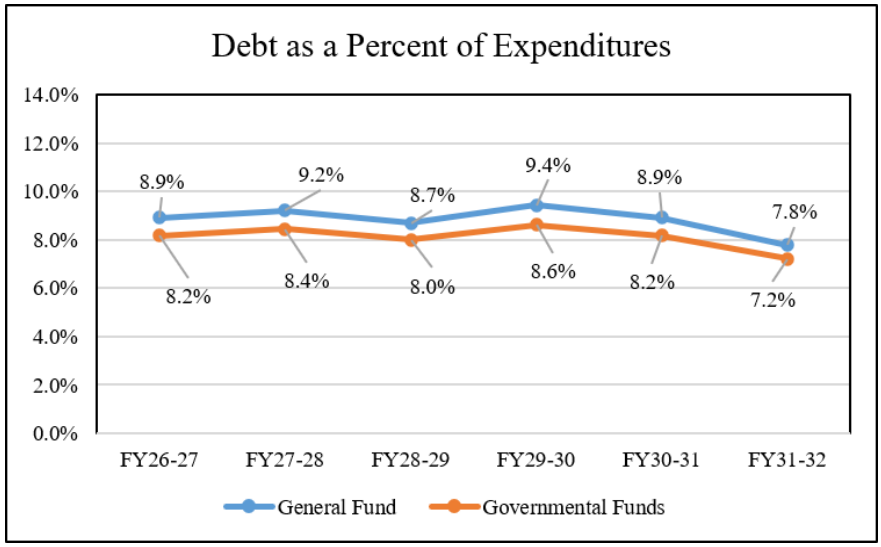
- We estimate that the Town's revenue from the local sales taxes will increase, based on recent sales tax receipts.

- Annual federal and state assistance will remain level in 2026-27.

# *FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS*

## INTRODUCTION AND OVERVIEW

This section of the budget outlines, in summary form, projected revenues and costs for the five fiscal years beyond 2026-27 for the Town's General Fund, Transit Fund, and Debt Service Fund. A summary schedule is provided for each fund identifying differences between the projected revenues and costs.




The Projections section of the budget is an important tool in developing long-range financial strategies for the Town's major operations and in maintaining sound financial condition. We believe our projections include all the major elements and principal drivers of revenue and costs. In short, we have included in the projections the elements that are "big enough to matter" on both the revenue and cost sides of the budget. Our presentation includes projections for operations and for additions and adjustments to ongoing operations. The largest additions relate to capital programs and related debt service.

**Capital Programs and Related Debt Service**

In November 2024, the Town held a general obligation bond referendum consisting of five bond orders totaling $44 million, all of which were approved by the voters. In June 2025, $10.63 million of the bonds were issued.

| Bond Order | Authority | Jun 2025 Issuance | Balance |
|---|---|---|---|
| Public Facilities | $ 15,000,000 | $ 1,230,000 | $ 13,770,000 |
| Affordable Housing | 15,000,000 | 3,500,000 | 11,500,000 |
| Streets & Sidewalks | 7,500,000 | 5,400,000 | 2,100,000 |
| Recreation Facilities | 4,500,000 | 500,000 | 4,000,000 |
| Open Space | 2,000,000 | - | 2,000,000 |
| **Total** | **$ 44,000,000** | **$ 10,630,000** | **$ 33,370,000** |

In November 2018, the Town held a general obligation bond referendum with one bond order that appeared on the ballot, and it was approved by the voters. The Town issued $4.755 million in May 2021 and the remaining $5.245 million in March 2023. The full amount of referendum authority has been issued.

In November 2015, the Town held a general obligation bond referendum consisting of five bond orders totaling $40.3 million. All five bond orders were approved by the voters. There were four issuances from the 2015 GO Bond authority for a total of $32.4 million. In February 2017, $9.0 million was issued. In April 2018, $12.5 million was issued. In March 2023, $7.7 million was issued. In June 2025, the final $3.2 million was issued. The authority to issue the remaining bonds expired in November 2025.

In September 2024, the Town negotiated a 15-year lease for the Town's Police Headquarters, Emergency

Operations Center, and Technology Solutions. Move-in and lease commencement was October 2025.

While the Town has historically had low debt as a percentage of budgeted expenditures, recent borrowings have increased the Town's debt load. The Town's measures of debt capacity, including debt per capita and debt as a percent of assessed value, are slightly below the average of our peer group (Triple A rated Municipalities in North Carolina). The Town has traditionally kept debt service below 10% of budgeted general fund expenditures. With the recent investment in public facilities (East Rosemary Parking Deck), the Debt Fund is absorbing the debt service costs until the Parking Deck is fully operational and revenue positive. Debt service as a percentage of expenditures is expected to rise slightly in the next few years as the Town continues to invest in public facilities and infrastructure.

In response to the added debt burden, a Debt Management Plan was adopted for the FY2008-09 budget that includes dedicating a portion of the property tax rate to pay debt service instead of transferring funds for debt service needs from the General Fund. Previously, debt service costs competed with other priorities for General Fund revenues, but now have a dedicated revenue source, which also provides for future debt as existing debt is paid off. Maintaining affordable levels of debt is an important factor in retaining the Town's current AAA ratings.

Some of the other key factors affecting revenues and costs are outside the Town's control, such as State-shared revenues affected by State legislation, and numerous State and federal regulations which affect funding for the Transit system and the Housing Department, primarily. We project no significant withholding of State-shared revenues. The county has the option each year to change the sales tax distribution formula from the current per capita basis to an ad-valorem basis. Changing from a per capita basis to an ad-valorem distribution would reduce the Town's Sales Tax revenues by approximately $2.5 million. The County has indicated that they will not make a change to the distribution for 2026-27, but they may revisit this option in subsequent fiscal years.

The main points included in the revenue and cost projections for the General Fund, Transit Fund, and the Debt Service Fund are summarized on the following pages. The differences between revenues and expenditures are expressed as tax rate equivalents.

As the budget increases, the total reserved fund balance needs to increase proportionally to maintain fund balance reserves at the target 22% of expenditures. The gap between revenues and costs could be closed by service reductions, revenue enhancements, tax rate adjustments, or any combination of these options.

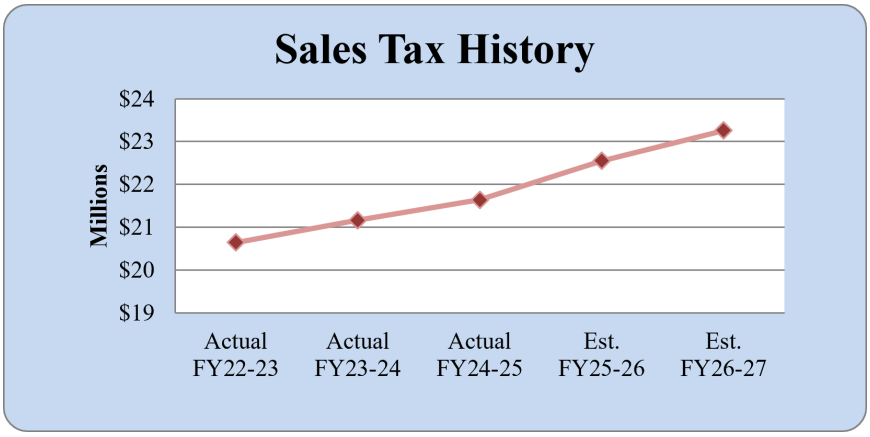
## GENERAL FUND

### Revenues

The most important revenue sources for General Fund operations continue to be property taxes and sales tax revenues that, combined, comprise about 77% of total General Fund revenues. The estimate of assessed valuation for the tax base in 2026-27 is about $14.17 billion. The Council adopted a tax rate of 50.0 cents for 2026-27, representing no change from prior year.

Estimated additions to the tax base through growth yield increases in property tax revenues of about $835,000 each year. This is based on 1.5% annual growth, which is slightly lower than the historical average, and a tax rate for 2026-27 of 38.1 cents for the General Fund.

# *FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS*




The second largest source of Town revenue, sales tax, is more volatile than property tax. Revenues from sales tax tend to increase when the economy is strong and slow or decline when the economy weakens. Based on sales tax revenues to date, we estimate FY25-26 receipts at $22.6 million, an increase from what was originally budgeted. Based on local trends and state forecasts, we anticipate an increase of 3.1% for FY26-27.

Based on legislation adopted by the North Carolina General Assembly (providing greater but not absolute protection for certain State-shared revenues withheld in past years), we believe it is reasonable to include full State-shared revenues in our five-year projections for the General Fund. These State-shared revenues include revenue from utility sales taxes (estimated at $5.25 million in 2025-26 and remaining flat in 2026-27) and Video Programming Tax, estimated at $450,000 in FY25-26 and remaining flat in FY26-27.

State-shared revenues also include revenue from fuel tax funds for street maintenance (about $1.97 million in 2026-27), with no projected growth over the next five years, as well as Beer and Wine Taxes. Indications are that we will receive the full share of Beer and Wine Taxes in FY26-27 and thereafter.

State Fire Protection Funds have not changed significantly in the past few years, and we anticipate they will remain stable. We do, however, recommend that the Council continue to seek additional fire protection funding consistent with the costs associated with providing fire protection for state-owned property located in the Town.

The most important revenue sources for the General Fund are shown in the two tables which follow this section, titled Projected Tax Base and Projected State-Shared Revenues.

**Operating and Capital Improvement Costs**

Projected costs for general operations are based on a continuation of most service levels and programs for 2026-27. Personnel and operating costs are based on assumptions as noted in the attached tables. The projections also include estimated contributions required to provide needed capital maintenance for future years. To date, the Town has issued $10.63 million of 2024 referendum bonds to pay for public facilities, affordable housing, streets and sidewalks, recreation facilities, and trails and greenways.

Personnel costs for FY 2026-27 include an increase in medical insurance costs based on the contract agreement with our current insurance provider. Projections include the following assumptions:

- Annual pay increases of 4%
- 5% annual increases in medical insurance
- An increase of 0.75% for 3 years after FY27 for the employer's retirement system contribution rate
- Operating costs increase of about 4.5% annually

# *FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS*

Our analysis indicates projected costs for basic operations and the proposed additions to operations would exceed revenues in FY2026-27 and beyond. As we come closer to the actual projected years, we will need to update assumptions. Under the current projection assumptions, the Council would need to increase revenues or decrease costs for each of the next five years.

## TRANSIT FUND

The budget for 2026-27 assumes the continuation of fare-free transit services as well as the continuation of the cost-sharing arrangement with the University of North Carolina and Carrboro. Due to the occasional unknown nature of the State operating assistance, we are conservatively budgeting $3.5 million for this revenue source. Federal assistance is estimated to continue at $2.3 million next year, which is flat compared to FY25-26.

The 2026-27 Adopted Budget represents a 1.5% decrease from the previous year due to decreased interest income, reduced service-related revenue, and declines in federal operating grant funding. The Transit budget also includes $1,683,106 for debt payments on the purchase of new buses that began in 2016-17. The projections assume continuation of the 5.3 cent rate in the next five years. Subsequent years show the need for a tax increase from 0.3 to 0.7 cents through 2031-32.

## DEBT SERVICE FUND

The projections for the Debt Service Fund include a continued tax rate of 6.6 cents following the 2025 property tax revaluation. This tax rate will generate about $9.36 million in revenues in 2026-27 which will provide for projected debt service costs. Cost projections include debt service on the borrowings noted above. Our projections include issuances from a successful referendum on the November 2024 ballot and the inclusion of the 15-year lease for our police headquarters, emergency operations center, and Technology Solutions department.

| Adopted Tax Rate | Cents per $100 valuation | | |
|---|---|---|---|
| | FY25-26 | FY26-27 | $ Change |
| General Fund | 38.1 | 38.1 | 0.0 |
| Debt Fund | 6.6 | 6.6 | 0.0 |
| Transit Fund | 5.3 | 5.3 | 0.0 |
| Total Tax Rate | 50.0 | 50.0 | 0.0 |

# *FIVE-YEAR REVENUE AND COST PROJECTIONS FOR MAJOR OPERATING FUNDS*

## CONCLUSION

Based on the assumptions contained in the analysis of projected revenues and costs for the Town's tax-funded operating funds for the next five years, differences between revenues and costs for future years could require cost or service reductions, revenue enhancements, or tax rate adjustments. The differences expressed as tax rate equivalents are summarized as follows:

**Tax Rate Equivalents of Needed Revenue (in cents)**

| | 2026-27 Adopted Increase | 2027-28 Estimated Increase | 2028-29 Estimated Increase | 2029-30 Estimated Increase | 2030-31 Estimated Increase | 2031-32 Estimated Increase |
|---|---|---|---|---|---|---|
| General Fund | 0.0 | 2.0 | 1.6 | 1.6 | 1.3 | 1.5 |
| Transit Fund | 0.0 | (0.7) | 0.7 | 0.3 | 0.3 | 0.3 |
| Debt Service | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 0.0 | 1.3 | 2.3 | 1.9 | 1.6 | 1.8 |

The largest concern in the budget projection is the expected imbalance between revenues and expenditures in the General Fund. In past years, fund balance has been available to supplement revenues and eliminate or reduce the need to increase taxes. We will need to more closely balance spending with available revenues in future budget years due to the diminishing availability of fund balance available for appropriation.

# *GENERAL FUND*
# *PROJECTED TAX BASE*
## *2026/2027- 2031/2032*

| Category | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Assessed Valuation (Real & Personal Property) | $ 14,174,340,000 | $ 14,386,960,000 | $ 14,602,760,000 | $ 14,821,800,000 | $ 15,044,130,000 | $ 15,269,790,000 |
| Tax Levy - General Fund Only* | 54,004,000 | 54,814,000 | 55,637,000 | 56,471,000 | 57,318,000 | 58,178,000 |
| Estimated Collections at 99% | 53,730,000 | 54,530,000 | 55,350,000 | 56,180,000 | 57,030,000 | 57,880,000 |
| Estimated Prior Year Collections | 95,000 | 95,000 | 95,000 | 95,000 | 95,000 | 95,000 |
| TOTALS | $ 53,825,000 | $ 54,625,000 | $ 55,445,000 | $ 56,275,000 | $ 57,125,000 | $ 57,975,000 |
| Tax rate | 38.1 | 38.1 | 38.1 | 38.1 | 38.1 | 38.1 |

1¢ on the tax rate = $ 1,410,000

* Based on continuing the General Fund tax rate of $38.1cents/$100, with estimated growth as follows:

| | |
|---|---|
| 2028 | 1.5% |
| 2029 | 1.5% |
| 2030 | 1.5% |
| 2031 | 1.5% |
| 2032 | 1.5% |

# *GENERAL FUND*
# *PROJECTED STATE-SHARED REVENUES*
## *2026/2027 - 2031/2032*

| Category | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Utility Sales Tax [1] | $ 5,250,000 | $ 5,276,000 | $ 5,302,000 | $ 5,329,000 | $ 5,356,000 | $ 5,383,000 |
| Video Programming Tax | 450,000 | 450,000 | 450,000 | 450,000 | 450,000 | 450,000 |
| Supplemental PEG support | 60,000 | 80,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| Beer, Wine Tax [2] | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| 1% Local Option Sales Tax (Article 39) [3] | 7,867,000 | 8,339,000 | 8,839,000 | 9,369,000 | 9,931,000 | 10,527,000 |
| 1/2% Local Option Sales Tax (Article 40) [3] | 5,499,000 | 5,829,000 | 6,179,000 | 6,550,000 | 6,943,000 | 7,360,000 |
| 1/2% Local Option Sales Tax (Article 42) [3] | 3,944,000 | 4,181,000 | 4,432,000 | 4,698,000 | 4,980,000 | 5,279,000 |
| 1/2% Local Option Sales Tax (Article 44 Hold Harmless) [3] | 135,000 | 143,000 | 152,000 | 161,000 | 171,000 | 181,000 |
| City Hold Harmless [3] | 5,814,000 | 6,163,000 | 6,533,000 | 6,925,000 | 7,341,000 | 7,781,000 |
| Total Local Option Sales Taxes | 23,259,000 | 24,655,000 | 26,135,000 | 27,703,000 | 29,366,000 | 31,128,000 |
| Fuel Tax (Powell Bill) [4] | 1,969,000 | 1,969,000 | 1,969,000 | 1,969,000 | 1,969,000 | 1,969,000 |
| State Fire Protection [5] | 1,025,000 | 1,025,000 | 1,025,000 | 1,025,000 | 1,025,000 | 1,025,000 |
| Solid Waste Disposal Tax | 49,000 | 49,000 | 49,000 | 49,000 | 49,000 | 49,000 |
| TOTAL | $ 32,312,000 | $ 33,754,000 | $ 35,260,000 | $ 36,855,000 | $ 38,545,000 | $ 40,334,000 |

[1] Utility sales tax distribution is distributed to municipalities based on the application of the 7% combined general sales tax rate of sales of electricity and natural gas to public utility providers.

[2] Except when withheld by the state, beer and wine taxes have been stable. Distributed based on population, they are expected to remain flat in the future.

[3] Estimating a normal growth of 6% in FY27 and thereafter.

[4] Powell Bill revenues are distributed by a formula that is based on both street miles and population.

[5] State Fire Protection funding is subject to annual appropriation.

# *GENERAL FUND*
# *REVENUE PROJECTIONS*
# *2026/2027 - 2031/2032*

| Category | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Property Taxes* | $ 53,917,000 | $ 54,625,000 | $ 55,445,000 | $ 56,275,000 | $ 57,125,000 | $ 57,975,000 |
| Sales Taxes | 23,258,000 | 24,655,000 | 26,135,000 | 27,703,000 | 29,366,000 | 31,128,000 |
| Other Taxes & Licenses | 1,850,000 | 1,850,000 | 1,850,000 | 1,850,000 | 1,850,000 | 1,850,000 |
| Licenses/Permits/Fines | 3,114,000 | 3,114,000 | 3,114,000 | 3,114,000 | 3,114,000 | 3,114,000 |
| State-Shared Revenues | 9,052,000 | 9,099,000 | 9,125,000 | 9,152,000 | 9,179,000 | 9,206,000 |
| Grants | 745,000 | 754,000 | 763,000 | 772,000 | 781,000 | 790,000 |
| Service Charges | 5,901,000 | 5,911,000 | 5,921,000 | 5,931,000 | 5,941,000 | 5,951,000 |
| Interest on Investments | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 |
| Other Revenues | 628,000 | 628,000 | 628,000 | 628,000 | 628,000 | 628,000 |
| Interfund Transfers | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| TOTAL | $ 99,260,000 | $ 101,431,000 | $ 103,776,000 | $ 106,220,000 | $ 108,779,000 | $ 111,437,000 |

* Based on continuing the current General Fund tax rate of $38.1 cents/$100, with estimated growth as follows:

| | |
|---|---|
| 2028 | 1.50% |
| 2029 | 1.50% |
| 2030 | 1.50% |
| 2031 | 1.50% |
| 2032 | 1.50% |

# *GENERAL FUND*
# *PROJECTED COSTS*
# *2026/2027 - 2031/2032*

| | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Personnel Services[1] | $ 70,136,000 | $ 73,370,000 | $ 76,646,000 | $ 80,072,000 | $ 83,655,000 | $ 87,402,000 |
| Operations | | | | | | |
| Operating & Maintenance[2] | 23,451,000 | 24,668,000 | 25,789,000 | 27,114,000 | 27,981,000 | 29,071,000 |
| Capital | | | | | | |
| Equipment[3] | 1,090,000 | 1,340,000 | 1,340,000 | 1,340,000 | 1,340,000 | 1,340,000 |
| Transfer to Capital Improvements Program[4] | 2,987,000 | 3,237,000 | 3,398,000 | 3,398,000 | 3,398,000 | 3,398,000 |
| Other | | | | | | |
| Human Service contracts, hotel/ motel allocations and grants to other agencies | 1,846,000 | 1,846,000 | 1,846,000 | 1,846,000 | 1,846,000 | 1,846,000 |
| Other Post Employment Benefits | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 |
| **TOTAL COSTS OF CURRENT PROGRAMS AND ADDITIONS/** | | | | | | |
| **TOTALS** | $ 99,760,000 | $ 104,711,000 | $ 109,269,000 | $ 114,020,000 | $ 118,470,000 | $ 123,307,000 |

**Assumptions for years after 2027, reflected on base cost estimates for 2026-27:**

[1] Assumptions include:
- Annual increase of 4%
- 5% increase in medical insurance each year
- Increase of 0.75% of the Retirement rate per year after 2026-27

[2] Increase in most operating costs of 4.5% each year

[3] Estimated cost of routine replacement of miscellaneous non-vehicular capital equipment

[4] General Fund contribution for Capital Improvements Program

# *GENERAL FUND*
# *ANALYSIS OF REVENUE AND COST PROJECTIONS*
# *2026/2027 - 2031/2032*

| | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Estimated Total Costs | $ 99,760,000 | $ 104,711,000 | $ 109,269,000 | $ 114,020,000 | $ 118,470,000 | $ 123,307,000 |
| Estimated Total Revenues | 99,260,000 | 101,431,000 | 103,776,000 | 106,220,000 | 108,779,000 | 111,437,000 |
| Revenues Needed | 500,000 | 3,280,000 | 5,493,000 | 7,800,000 | 9,691,000 | 11,870,000 |
| Fund Balance Available | - | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| One-time use of Fund Balance | 500,000 | - | - | - | - | - |
| Additional Revenue Needed/ (Available) | $ - | $ 2,780,000 | $ 4,993,000 | $ 7,300,000 | $ 9,191,000 | $ 11,370,000 |
| Change in Tax Rate in cents in Specific Years* | - | 2.0 | 1.6 | 1.6 | 1.3 | 1.5 |

*Value of a cent = $1,410,000

# *TRANSIT FUND*
# *REVENUE PROJECTIONS*
# *2026/2027 - 2031/2032*

| | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Taxes[1] | $ 7,491,000 | $ 7,607,000 | $ 7,717,000 | $ 7,837,000 | $ 7,947,000 | $ 8,067,000 |
| Vehicle Taxes[2] | 450,000 | 452,000 | 454,000 | 456,000 | 458,000 | 460,000 |
| Orange County Transit Plan | 6,018,053 | 6,078,000 | 6,139,000 | 6,200,000 | 6,262,000 | 6,325,000 |
| Federal Operating Assistance[3] | 2,300,000 | 2,300,000 | 2,300,000 | 2,300,000 | 2,300,000 | 2,300,000 |
| State Operating Assistance[3] | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| UNC Contract (Net)[4] | 12,624,606 | 12,814,000 | 13,006,000 | 13,201,000 | 13,399,000 | 13,600,000 |
| Carrboro Contract (Net)[4] | 2,673,487 | 2,714,000 | 2,755,000 | 2,796,000 | 2,838,000 | 2,881,000 |
| Service Charges[5] | 731,000 | 746,000 | 761,000 | 776,000 | 792,000 | 808,000 |
| Advertising | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Grants | - | - | - | - | - | - |
| Other | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 |
| Appropriated Fund Balance | - | - | - | - | - | - |
| TOTAL | $ 35,946,146 | $ 36,369,000 | $ 36,790,000 | $ 37,224,000 | $ 37,654,000 | $ 38,099,000 |

Revenue Notes:

[1] Based on the adopted tax rate of 5.3 cents through 2031-32.

[2] Assumes continuing levy of $15 vehicle tax for Transit

[3] Assumes continuing level of State and Federal Operating Assistance.

[4] Assumes continued participation by the University and Carrboro, including assumptions on cost sharing for adopted fare-free services, assuming 1.5% growth each year.

[5] Based on continuing fare-free services, with remaining service charge revenue generated primarily by Tarheel Express and park and ride lot rental fees, assuming 2% growth each year.

# *TRANSIT FUND*
# *COST PROJECTIONS*
# *2026/2027 - 2031/2032*

| | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Personnel Services[1] | $ 22,083,993 | $ 23,161,000 | $ 24,196,000 | $ 25,279,000 | $ 26,411,000 | $ 27,595,000 |
| Operations[2] | 13,862,153 | 12,268,000 | 12,667,000 | 13,079,000 | 13,506,000 | 13,949,000 |
| Capital Reserve Fund[3] | - | - | - | - | - | - |
| TOTAL | $ 35,946,146 | $ 35,429,000 | $ 36,863,000 | $ 38,358,000 | $ 39,917,000 | $ 41,544,000 |

**Assumptions for years after 2026-27:**

[1] Assumptions include:
- Annual increase of 4%
- 5% increase in medical insurance each year
- Increase of 0.75% of the Retirement rate per year after 2026-27

[2] Increase in operating costs of 2.5% annually for most operating costs and 5% for fuel and tires.

[3] Amounts allocated for Capital Equipment Reserve Fund for replacement of buses, purchase of capital equipment, and local cost of Transit facilities.

# *TRANSIT FUND*
# *ANALYSIS OF REVENUE AND COST PROJECTIONS*
# *2026/2027 - 2031/2032*

| | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Estimated Costs | $ 35,946,146 | $ 35,429,000 | $ 36,863,000 | $ 38,358,000 | $ 39,917,000 | $ 41,544,000 |
| Estimated Revenues | 35,946,146 | 36,369,000 | 36,790,000 | 37,224,000 | 37,654,000 | 38,099,000 |
| Revenue Needed/(Excess) | - | (940,000) | 73,000 | 1,134,000 | 2,263,000 | 3,445,000 |
| Additional Revenue Needed | $ - | $ (940,000) | $ 73,000 | $ 1,134,000 | $ 2,263,000 | $ 3,445,000 |
| Change in Tax Rate in Specific Years | - | (0.7) | 0.7 | 0.3 | 0.3 | 0.3 |

1 cent on the tax rate = $1,410,000

Assumptions on future revenues and costs:

- Same revenue sources as available in 2025-26 (assumes current level of State funding for operating assistance)
- Assumes constant level of federal operating assistance
- Includes estimated adjustments of 4% in salaries and 2.5% in most operating costs after FY27
- Includes estimated adjustments of 5% in fuel and tire costs after FY27

# *DEBT SERVICE FUND*
# *PROJECTED TAX BASE AND OTHER REVENUES*
# *2026/2027 - 2031/2032*

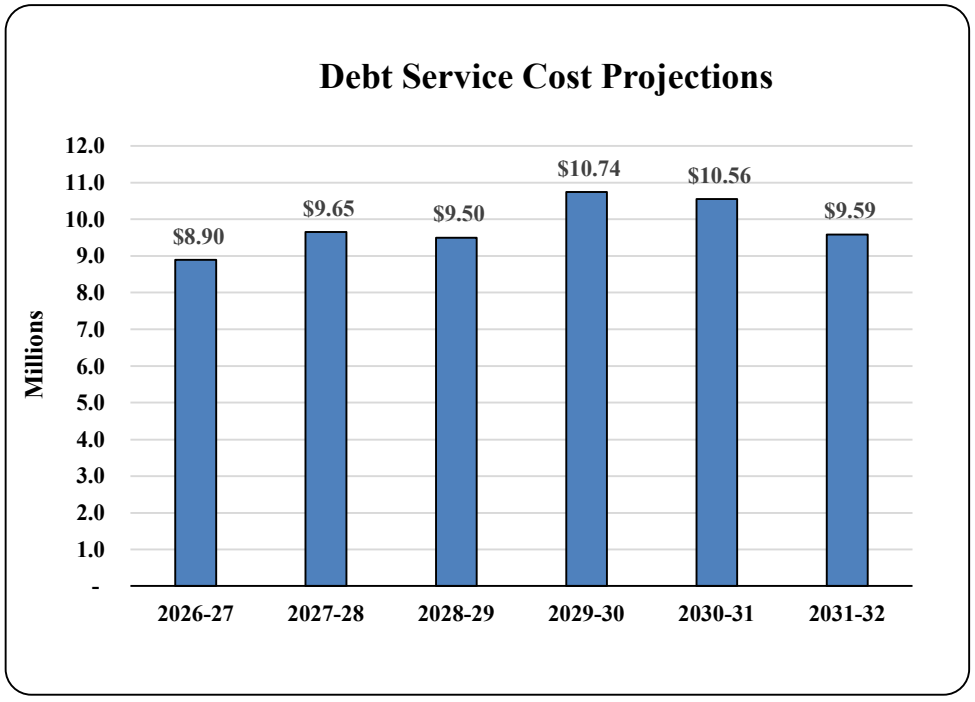
| Category | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Assessed Valuation (Real & Personal Property) | $14,174,340,000 | $14,386,960,000 | $14,602,760,000 | $14,821,800,000 | $15,044,130,000 | $15,269,790,000 |
| Tax Levy - Debt Service Fund Only* | 9,355,000 | 9,495,000 | 9,638,000 | 9,782,000 | 9,929,000 | 10,078,000 |
| Estimated Collections at 99% | 9,310,000 | 9,450,000 | 9,590,000 | 9,730,000 | 9,880,000 | 10,030,000 |
| Estimated Prior Year Collections | 19,000 | 19,000 | 19,000 | 19,000 | 19,000 | 19,000 |
| TOTAL TAXES | $ 9,329,000 | $ 9,469,000 | $ 9,609,000 | $ 9,749,000 | $ 9,899,000 | $ 10,049,000 |
| Interest Income | 675,000 | 263,000 | 197,000 | 161,000 | 115,000 | 50,000 |
| Transfer from General Fund | 445,000 | 445,000 | 445,000 | 445,000 | 445,000 | 445,000 |
| TOTAL REVENUES | $ 10,449,000 | $ 10,177,000 | $ 10,251,000 | $ 10,355,000 | $ 10,459,000 | $ 10,544,000 |

* Based on a continued tax rate of 6.6 cents for the Debt Fund through 2030-31, with estimated growth as follows:

| | |
|---|---|
| 2027 | 1.50% |
| 2028 | 1.50% |
| 2029 | 1.50% |
| 2030 | 1.50% |
| 2031 | 1.50% |

# *DEBT SERVICE FUND*
# *PROJECTED COSTS*
# *2026/2027 - 2031/2032*

| | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Existing Debt | $ 8,895,000 | $ 8,418,000 | $ 8,292,000 | $ 8,155,000 | $ 8,035,000 | $ 6,285,000 |
| Future Issuance | - | 1,236,000 | 1,204,000 | 2,589,000 | 2,521,000 | 3,303,000 |
| **TOTALS** | $ 8,895,000 | $ 9,654,000 | $ 9,496,000 | $ 10,744,000 | $ 10,556,000 | $ 9,588,000 |



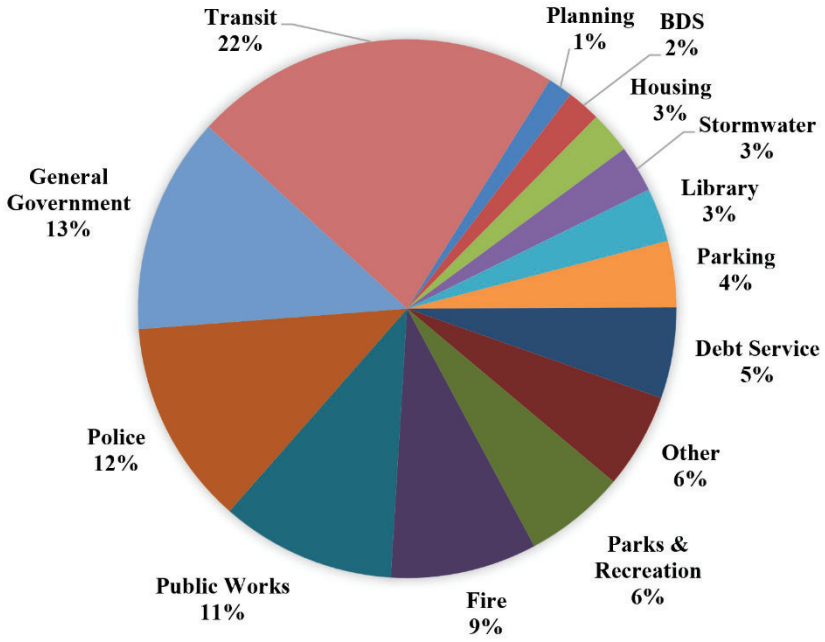
# *DEBT SERVICE FUND*
# *ANALYSIS OF REVENUE AND COST PROJECTIONS*
# *2026/2027 - 2031/2032*

| | 2026-27 Adopted | 2027-28 Estimated | 2028-29 Estimated | 2029-30 Estimated | 2030-31 Estimated | 2031-32 Estimated |
|---|---|---|---|---|---|---|
| Estimated Total Costs | $ 8,895,000 | $ 9,654,000 | $ 9,496,000 | $ 10,744,000 | $ 10,556,000 | $ 9,588,000 |
| Estimated Total Revenues | 10,449,000 | 10,177,000 | 10,251,000 | 10,355,000 | 10,459,000 | 10,544,000 |
| Revenue (Needed)/Available | 1,554,000 | 523,000 | 755,000 | (389,000) | (97,000) | 956,000 |
| Fund Balance Available | - | - | - | 389,000 | 97,000 | - |
| Reserved for future debt | 1,554,000 | 523,000 | 755,000 | - | - | 956,000 |
| Additional Revenue (Needed)/Available | - | - | - | - | - | - |
| Change in Tax Rate in Specific Years* | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

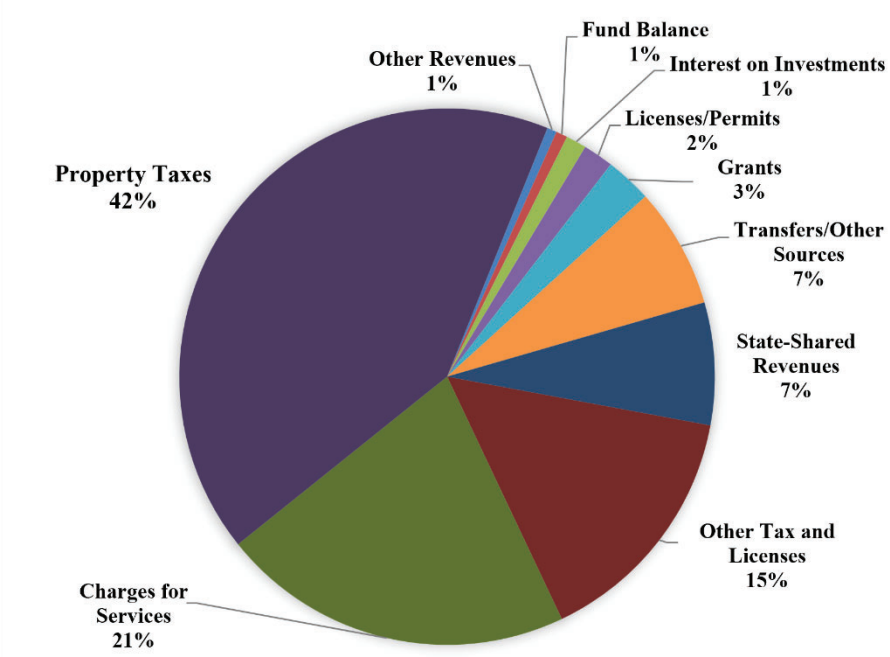
*Value of a cent = $1,410,000

# TOTAL BUDGET EXPENDITURES

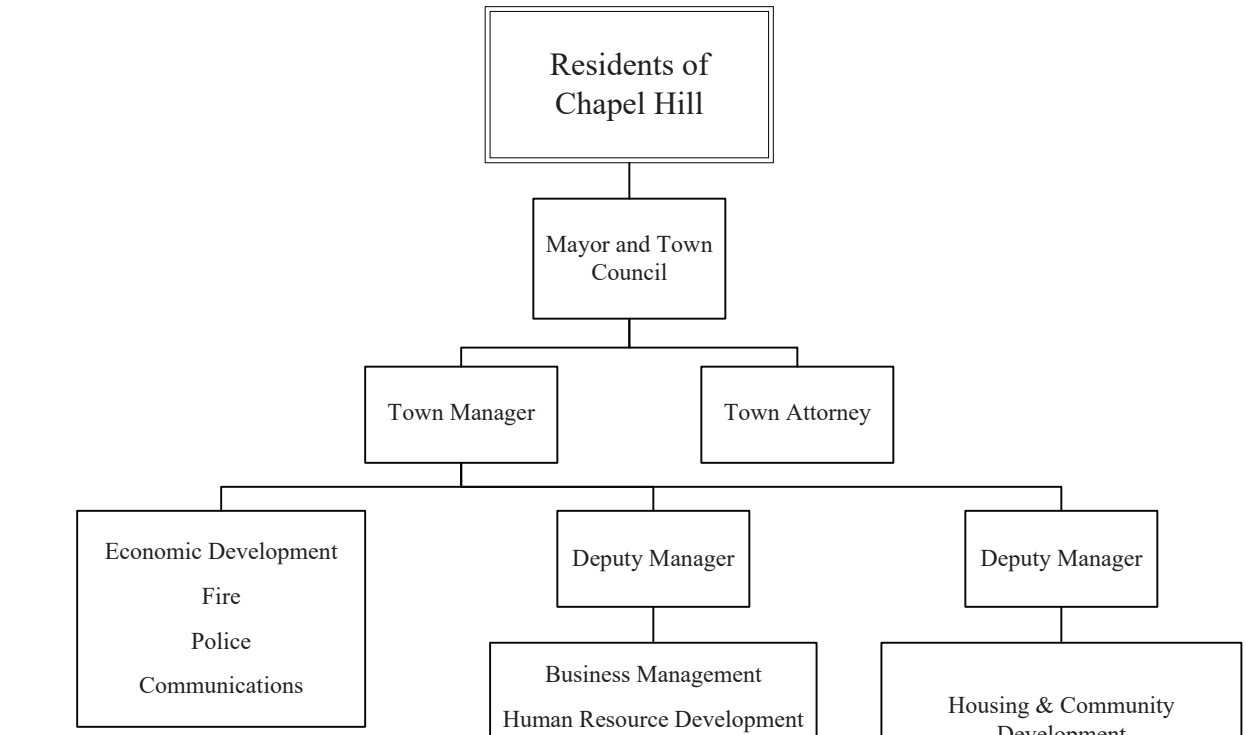
**$162,762,277 (NET OF TRANSFERS)**




# TOTAL BUDGET REVENUES



# TOWN OF CHAPEL HILL ORGANIZATION CHART




**Boards and Commissions:**
Board of Adjustment
Chapel Hill Downtown Partnership
Community Design Commission
Grievance Hearing Board
Historic District Commission
OWASA Board of Directors
Planning Commission
Criminal Justice Debt Program Committee
EZ Rider Advisory Committee

# *ALL FUNDS*
# *SUMMARY OF APPROPRIATIONS*
# *Adopted Budget 2026-27*

| Fund | Appropriations | Less Transfers to Other Funds | Net Appropriations |
|---|---|---|---|
| **General Fund** | $ 99,760,000 | $ 5,208,163 | $ 94,551,837 |
| **Transit Funds** | | | |
| Transit | 35,946,146 | - | 35,946,146 |
| **Stormwater Management Fund** | 4,583,000 | - | 4,583,000 |
| **Parking Fund** | 6,468,125 | - | 6,468,125 |
| **Housing Funds** | | | |
| Public Housing Fund | 3,016,363 | - | 3,016,363 |
| **Debt Service Fund** | 10,852,979 | 1,957,868 | 8,895,111 |
| **Capital Projects** | | | |
| Capital Improvements Fund | 3,165,996 | - | 3,165,996 |
| **Other Funds** | | | |
| Climate Action Fund | 815,871 | 40,000 | 775,871 |
| Grants Fund | 274,500 | - | 274,500 |
| Downtown Service District Fund | 427,000 | - | 427,000 |
| Library Gift Fund | 188,781 | 45,000 | 143,781 |
| Vehicle Replacement Fund | 2,046,800 | - | 2,046,800 |
| Fleet Management Fund | 2,316,627 | - | 2,316,627 |
| Computer Replacement Fund | 151,120 | - | 151,120 |
| **TOTAL** | **$ 170,013,308** | **$ 7,251,031** | **$ 162,762,277** |

# *ALL FUNDS STAFFING SUMMARY*

Personnel costs make up 61% of the Town's operating budget across all funds. Personnel costs in the General Fund make up 71% of total expenditures. The Staffing Summary represents a snapshot of the FTE's on which the FY27 Adopted Budget is based.

***2026-27 STAFFING BY DEPARTMENT IN FULL-TIME EQUIVALENTS***

| *DEPARTMENTS* | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Mayor | 1.00 | 1.00 | 1.00 |
| Manager[1] | 26.00 | 30.00 | 29.00 |
| Clerk's Office[2] | 4.50 | - | - |
| Human Resource Development[1] | 8.00 | 8.00 | 10.00 |
| Business Management | 18.00 | 19.00 | 19.00 |
| Technology Solutions | 16.00 | 16.00 | 16.00 |
| Attorney | 3.00 | 3.00 | 3.00 |
| Planning[3] | 18.30 | 18.30 | 18.30 |
| Public Works[3] | 91.20 | 92.20 | 92.20 |
| Housing and Community Development[4] | 9.80 | 8.80 | 7.40 |
| Building & Development Services | 20.50 | 20.50 | 20.50 |
| Police[1] | 121.00 | 123.00 | 125.00 |
| Fire | 97.00 | 97.00 | 97.00 |
| Parks & Recreation | 54.80 | 54.80 | 54.80 |
| Library | 34.53 | 34.53 | 35.50 |
| Transit | 211.66 | 212.66 | 212.66 |
| Stormwater[3] | 15.55 | 16.55 | 16.55 |
| Parking | 9.75 | 9.00 | 9.00 |
| Public Housing[4] | 16.40 | 16.40 | 15.80 |
| Downtown Service District | 1.00 | 1.00 | 1.00 |
| Fleet Management | 7.75 | 7.75 | 8.75 |
| Total FTE's | 785.74 | 789.49 | 792.46 |

[1] As of FY26-27, two employees in Risk Management and two in Emergency Preparedness have been moved out of the Manager's Office and into HRD and PD, respectively.

[2] This department has been absorbed into the Manager's Office.

[3] One employee in Planning and three employees in Public Works also work in Stormwater. They have been split-coded to reflect time spent in each department.

[4] Three employees are split-coded between Housing & Community Development and Public Housing.

# *TAX RATES AND TAX COLLECTIONS*
# *Adopted 2026-27*

| | 2024-25 Actual | 2025-26 Budget | 2025-26 Estimated | 2026-27 Adopted |
|---|---|---|---|---|
| **Assessed Value of Real and Personal Property** | **$ 9,854,210,642** | **$ 13,250,450,000** | **$ 14,033,000,000** | **$ 14,174,340,000** |
| Tax Rate Per $100 Valuation | | | | |
| General Fund | 43.7 | 38.1 | 38.1 | 38.1 |
| Transit Fund | 6.7 | 5.3 | 5.3 | 5.3 |
| Debt Service Fund | 8.8 | 6.6 | 6.6 | 6.6 |
| **Total Tax Rate (cents)** | **59.2** | **50.0** | **50.0** | **50.0** |
| Tax Levy | 58,336,927 | 66,252,000 | 70,165,000 | 70,872,000 |
| **Estimated Collections at 99%** | **$ 58,039,400** | **$ 65,914,100** | **$ 69,807,200** | **$ 70,510,600** |
| Distribution | | | | |
| General Fund | 42,844,873 | 50,230,000 | 53,190,000 | 53,730,000 |
| Transit Fund | 6,570,089 | 6,990,000 | 7,400,000 | 7,470,000 |
| Debt Service Fund | 8,624,693 | 8,700,000 | 9,210,000 | 9,310,000 |
| **Downtown Service District Fund** | | | | |
| Tax Rate (cents) | 6.4 | 5.5 | 5.5 | 5.5 |
| Assessed Value of Real and Personal Property | $ 586,000,000 | $ 762,700,000 | $ 762,700,000 | $ 774,200,000 |
| Tax Levy | 375,000 | 419,000 | 419,000 | 426,000 |
| **1¢ of the Tax Rate Equals (to nearest 1,000)** | **$ 983,000** | **$ 1,321,000** | **$ 1,396,000** | **$ 1,410,000** |

# *ESTIMATED UNDESIGNATED RESERVES ANNUALLY BUDGETED FUNDS*

| | Approximate Unassigned Fund Balance July 1, 2026 | 2026-27 Budgeted Revenues | 2026-27 Budgeted Expenditures | Approximate Unassigned Fund Balance June 30, 2027 |
|---|---|---|---|---|
| **GENERAL FUND** | $ 26,339,000 | $ 99,260,000 | $ 99,760,000 | $ 25,839,000 |
| **SPECIAL REVENUE FUNDS** | | | | |
| Climate Action | 62,000 | 804,000 | 816,000 | 50,000 |
| Downtown Service District | 82,000 | 427,000 | 427,000 | 82,000 |
| Library Gift | 213,000 | 189,000 | 170,000 | 232,000 |
| Grants Fund | 12,000 | 275,000 | 275,000 | 12,000 |
| **DEBT SERVICE FUND** | 11,570,000 | 10,449,000 | 10,853,000 | 11,166,000 |
| **CAPITAL IMPROVEMENT FUNDS** | | | | |
| Capital Improvements | 530,000 | 3,166,000 | 3,166,000 | 530,000 |
| Capital Reserve | 246,000 | - | - | 246,000 |
| **ENTERPRISE FUNDS** | | | | |
| Transit | 32,760,000 | 35,946,000 | 35,946,000 | 32,760,000 |
| Transit Capital Reserve | 1,277,000 | - | - | 1,277,000 |
| Public Housing | 3,445,000 | 2,930,000 | 3,016,000 | 3,359,000 |
| Parking | 3,659,000 | 6,342,000 | 6,468,000 | 3,533,000 |
| Stormwater Management | 3,329,000 | 4,583,000 | 4,583,000 | 3,329,000 |
| **INTERNAL SERVICE FUNDS** | | | | |
| Vehicle Replacement | 247,000 | 2,047,000 | 2,047,000 | 247,000 |
| Fleet Management | 44,000 | 2,273,000 | 2,317,000 | - |
| Computer Replacement | 112,000 | 151,000 | 151,000 | 112,000 |
| TOTAL | $ 83,927,000 | $ 168,842,000 | $ 169,995,000 | $ 82,774,000 |

Note: Estimates of fund balance presented on this page and the following pages are based on unaudited information available during preparation of this document. Reservations of fund balance and restrictions of fund balance are constantly changing, and these estimates are therefore subject to change.

# *FUND BALANCE VARIANCES*

The Town maintains a reserve of fund balance for cash flow, emergencies, and opportunities. Fund balance is essentially the difference between revenues received and expenditures made each year, plus any residual balance remaining at the end of the previous year. Part of the balance must remain unused to meet the reserve recommendations of the North Carolina Local Government Commission and State statute requirements. Additionally, part of the balance must remain unused to meet restrictions imposed by outside agencies (federal grant funds, for example) and to comply with the Town's contractual and other obligations. The remaining balance is available to be used for additional appropriations.

In FY2026-27, six funds are budgeting fund balance as part of the adopted budget. The General Fund budgets $500,000 due to anticipated savings stemming from lapsed salaries and attrition. The Debt Service Fund budgets just under $404,000 based on the funding structure. The Parking Facilities Fund budgets just under $126,000 due to debt-related expenses. The Public Housing fund budgets just over $86,000 in fund balance to account for a one-time allocation for additional planned maintenance to the housing units. The Climate Action Fund budgets about $12,000 for planned capital expenditures. The Fleet Management Fund budgets just under $44,000, which can be attributed to one-time costs associated with additional staffing.

Fund balance fluctuates depending upon the activities during the year. The Town uses expenditure estimates that are provided by departments when their budget requests are submitted in February. These estimates are not necessarily a true representation of actual expenditures because the estimates are very conservative, and a historical look shows that there are significant budget savings each year.

For the most accurate information related to fund balance, please see the Town's FY2024-25 Annual Comprehensive Financial Report. The FY2025-26 ACFR will be available in Fall 2026.

## *GOVERNMENTAL FUNDS*

## *SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES*

## *2026-27*

| | General Fund | | | Special Revenue Funds | | |
|---|---|---|---|---|---|---|
| | 24-25 Actual | 25-26 Estimated | 26-27 Adopted | 24-25 Actual | 25-26 Estimated | 26-27 Adopted |
| **Net Unreserved Assets, Beginning of Year** | 22,235,965 | 24,886,356 | 26,339,166 | 3,345,331 | 2,673,119 | 369,213 |
| **Financial Sources** | | | | | | |
| Property Taxes | 43,125,347 | 53,377,500 | 53,917,500 | 375,262 | 420,000 | 427,000 |
| Other Tax and Licenses | 23,516,525 | 24,400,817 | 25,107,745 | - | - | - |
| State-Shared Revenues | 9,228,821 | 9,074,247 | 9,052,247 | - | - | - |
| Interest on Investments | 1,279,935 | 903,860 | 750,000 | 12,688 | 4,214 | 1,406 |
| Other Revenues | 1,068,677 | 713,687 | 628,210 | 238,428 | 208,920 | 187,375 |
| Grants | 863,453 | 856,717 | 744,988 | 1,402,117 | 1,954,968 | 247,050 |
| Charges for Services | 6,331,982 | 5,763,513 | 5,900,710 | - | - | - |
| Licenses/Permits/Fines | 3,016,467 | 3,015,238 | 3,113,600 | - | - | - |
| Transfers/Other Sources | 45,000 | 45,000 | 45,000 | 1,738,086 | 1,379,279 | 831,709 |
| 2025 Installment Financing | - | - | - | - | - | - |
| Appropriated Net Assets (Fund Balance) | - | - | 500,000 | - | - | 11,612 |
| **Total Estimated Financial Sources** | **88,476,207** | **98,150,579** | **99,760,000** | **3,766,581** | **3,967,381** | **1,706,152** |
| **Expenditures** | | | | | | |
| Personnel | 61,218,019 | 64,693,229 | 70,385,218 | 1,672,492 | 1,566,733 | 801,716 |
| Operations | 24,521,387 | 31,014,378 | 28,284,782 | 2,479,029 | 4,567,036 | 842,711 |
| Capital | 86,410 | 990,162 | 1,090,000 | 287,272 | 137,518 | 42,944 |
| Contribution to Reserve | - | - | - | - | - | 18,781 |
| **Total Budget** | **85,825,816** | **96,697,769** | **99,760,000** | **4,438,793** | **6,271,287** | **1,706,152** |
| **Financial Sources less Expenditures** | **2,650,391** | **1,452,810** | **-** | **(672,212)** | **(2,303,906)** | **-** |
| **Net Unreserved Assets, End of Year** | **24,886,356** | **26,339,166** | **25,839,166** | **2,673,119** | **369,213** | **376,382** |

Note: Please see note about fund balance estimates on page 70.

## *GOVERNMENTAL FUNDS*

## *SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES*

## *2026-27*

| | Debt Service Fund | | | Capital Funds | | |
|---|---|---|---|---|---|---|
| | 24-25 Actual | 25-26 Estimated | 26-27 Adopted | 24-25 Actual | 25-26 Estimated | 26-27 Adopted |
| **Net Unreserved Assets, Beginning of Year** | 9,785,818 | 11,202,370 | 11,569,870 | 2,369,122 | 3,889,829 | 776,081 |
| **Financial Sources** | | | | | | |
| Property Taxes | 8,643,506 | 9,229,000 | 9,329,000 | - | - | - |
| Other Tax and Licenses | - | - | - | - | - | - |
| State-Shared Revenues | - | - | - | - | - | - |
| Interest on Investments | 1,318,182 | 1,100,000 | 675,000 | 79,488 | 15,500 | 15,500 |
| Other Revenues | - | - | - | - | - | - |
| Grants | - | - | - | 188,548 | 962,444 | 20,000 |
| Charges for Services | - | - | - | 145,798 | 143,093 | 143,093 |
| Licenses/Permits/Fines | - | - | - | - | - | - |
| Transfers/Other Sources | 445,100 | 445,100 | 445,100 | 2,586,623 | 3,777,418 | 2,987,403 |
| 2025 Installment Financing | - | - | - | - | - | - |
| Appropriated Net Assets (Fund Balance) | - | - | 403,879 | - | - | - |
| **Total Estimated Financial Sources** | **10,406,788** | **10,774,100** | **10,852,979** | **3,000,457** | **4,898,455** | **3,165,996** |
| **Expenditures** | | | | | | |
| Personnel | - | - | - | - | - | - |
| Operations | 8,990,236 | 10,406,600 | 10,852,979 | - | - | - |
| Capital | - | - | - | 1,479,750 | 8,012,203 | 3,165,996 |
| Contribution to Reserve | - | - | - | - | - | - |
| **Total Budget** | **8,990,236** | **10,406,600** | **10,852,979** | **1,479,750** | **8,012,203** | **3,165,996** |
| **Financial Sources less Expenditures** | **1,416,552** | **367,500** | **-** | **1,520,707** | **(3,113,748)** | **-** |
| **Net Unreserved Assets, End of Year** | **11,202,370** | **11,569,870** | **11,165,991** | **3,889,829** | **776,081** | **776,081** |

Note: Please see note about fund balance estimates on page 70.

## *ENTERPRISE FUNDS*

## *SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES*

## *2026-27*

| | Parking Facilities Fund | | | Transit Funds | | |
|---|---|---|---|---|---|---|
| | 24-25 Actual | 25-26 Estimated | 26-27 Adopted | 24-25 Actual | 25-26 Estimated | 26-27 Adopted |
| **Net Unreserved Assets, Beginning of Year** | 5,313,762 | 3,659,161 | 3,659,161 | 40,081,654 | 34,467,988 | 34,036,667 |
| **Financial Sources** | | | | | | |
| Property Taxes | - | - | - | 6,583,348 | 7,417,255 | 7,491,000 |
| Other Tax and Licenses | - | - | - | 453,315 | 450,000 | 450,000 |
| State-Shared Revenues | - | - | - | 3,631,704 | 3,650,695 | 3,500,000 |
| Interest on Investments | 273,215 | 134,869 | 75,000 | 1,812,659 | 750,000 | 300,000 |
| Other Revenues | 133,153 | 159,000 | 165,000 | 75,000 | 15,000 | 15,000 |
| Grants | - | - | - | 8,134,600 | 2,352,000 | 2,300,000 |
| Charges for Services | 4,156,871 | 3,094,818 | 4,144,400 | 14,626,512 | 15,848,784 | 15,872,093 |
| Licenses/Permits/Fines | - | - | - | - | - | - |
| Transfers/Other Sources | 431,121 | 3,030,368 | 1,957,868 | 6,000,524 | 7,409,936 | 6,018,053 |
| 2025 Installment Financing | - | - | - | - | - | - |
| Appropriated Net Assets (Fund Balance) | - | - | 125,857 | - | - | - |
| **Total Estimated Financial Sources** | **4,994,360** | **6,419,055** | **6,468,125** | **41,317,662** | **37,893,670** | **35,946,146** |
| **Expenditures** | | | | | | |
| Personnel | 782,267 | 805,178 | 1,027,150 | 18,916,989 | 20,350,118 | 22,083,993 |
| Operations | 5,866,694 | 5,613,877 | 5,440,975 | 17,272,623 | 16,686,038 | 11,033,168 |
| Capital | - | - | - | 10,741,716 | 1,288,835 | 2,828,985 |
| Contribution to Reserve | - | - | - | - | - | - |
| **Total Budget** | **6,648,961** | **6,419,055** | **6,468,125** | **46,931,328** | **38,324,991** | **35,946,146** |
| **Financial Sources less Expenditures** | **(1,654,601)** | **-** | **-** | **(5,613,666)** | **(431,321)** | **-** |
| **Net Unreserved Assets, End of Year** | **3,659,161** | **3,659,161** | **3,533,304** | **34,467,988** | **34,036,667** | **34,036,667** |

Note: Please see note about fund balance estimates on page 70.

## *ENTERPRISE FUNDS*

## *SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES*

## *2026-27*

| | Stormwater Management Fund | | | Public Housing Fund | | |
|---|---|---|---|---|---|---|
| | 24-25 Actual | 25-26 Estimated | 26-27 Adopted | 24-25 Actual | 25-26 Estimated | 26-27 Adopted |
| **Net Unreserved Assets, Beginning of Year** | 2,920,340 | 6,055,605 | 3,328,793 | 3,596,695 | 4,195,048 | 3,445,048 |
| **Financial Sources** | | | | | | |
| Property Taxes | - | - | - | - | - | - |
| Other Tax and Licenses | - | - | - | - | - | - |
| State-Shared Revenues | - | - | - | - | - | - |
| Interest on Investments | 254,759 | 277,000 | 277,000 | 22,776 | 28,000 | 20,000 |
| Other Revenues | 13,025 | 9,200 | 8,000 | 18,034 | 693,345 | 100 |
| Grants | - | - | - | 1,508,347 | 1,399,400 | 1,465,000 |
| Charges for Services | 3,021,374 | 3,548,000 | 4,281,000 | 1,395,493 | 1,244,400 | 1,445,100 |
| Licenses/Permits/Fines | - | - | - | - | - | - |
| Transfers/Other Sources | 7,771 | 12,000 | 17,000 | - | - | - |
| 2025 Installment Financing | 3,262,938 | - | - | - | - | - |
| Appropriated Net Assets (Fund Balance) | - | - | - | - | - | 86,163 |
| **Total Estimated Financial Sources** | **6,559,867** | **3,846,200** | **4,583,000** | **2,944,650** | **3,365,145** | **3,016,363** |
| **Expenditures** | | | | | | |
| Personnel | 1,700,501 | 1,830,114 | 2,108,702 | 1,283,914 | 1,332,952 | 1,745,018 |
| Operations | 1,568,747 | 4,167,650 | 2,390,108 | 1,004,764 | 2,782,193 | 1,271,345 |
| Capital | 155,354 | 575,248 | 84,190 | 57,619 | - | - |
| Contribution to Reserve | - | - | - | - | - | - |
| **Total Budget** | **3,424,602** | **6,573,012** | **4,583,000** | **2,346,297** | **4,115,145** | **3,016,363** |
| **Financial Sources less Expenditures** | **3,135,265** | **(2,726,812)** | **-** | **598,353** | **(750,000)** | **-** |
| **Net Unreserved Assets, End of Year** | **6,055,605** | **3,328,793** | **3,328,793** | **4,195,048** | **3,445,048** | **3,358,885** |

Note: Please see note about fund balance estimates on page 70.

## *INTERNAL SERVICE FUNDS*

## *SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES*

## *2026-27*

| | Internal Service Funds | | |
|---|---|---|---|
| | **24-25 Actual** | **25-26 Estimated** | **26-27 Adopted** |
| **Net Unreserved Assets, Beginning of Year** | 1,183,973 | 656,847 | 403,325 |
| **Financial Sources** | | | |
| Property Taxes | - | - | - |
| Other Tax and Licenses | - | - | - |
| State-Shared Revenues | - | - | - |
| Interest on Investments | 13,941 | 9,500 | - |
| Other Revenues | 88,591 | 149,494 | - |
| Grants | - | - | - |
| Charges for Services | 3,745,040 | 4,151,676 | 4,430,581 |
| Licenses/Permits/Fines | - | - | - |
| Transfers/Other Sources | 129,200 | 75,000 | 40,000 |
| 2025 Installment Financing | - | - | - |
| Appropriated Net Assets (Fund Balance) | - | - | 43,966 |
| **Total Estimated Financial Sources** | **3,976,772** | **4,385,670** | **4,514,547** |
| **Expenditures** | | | |
| Personnel | 850,906 | 926,036 | 1,064,431 |
| Operations | 1,450,389 | 1,426,368 | 1,403,316 |
| Capital | 2,202,603 | 2,286,788 | 2,046,800 |
| Contribution to Reserve | - | - | - |
| **Total Budget** | **4,503,898** | **4,639,192** | **4,514,547** |
| **Financial Sources less Expenditures** | **(527,126)** | **(253,522)** | **-** |
| **Net Unreserved Assets, End of Year** | **656,847** | **403,325** | **359,359** |

Note: Please see note about fund balance estimates on page 70.

## *ALL FUNDS*

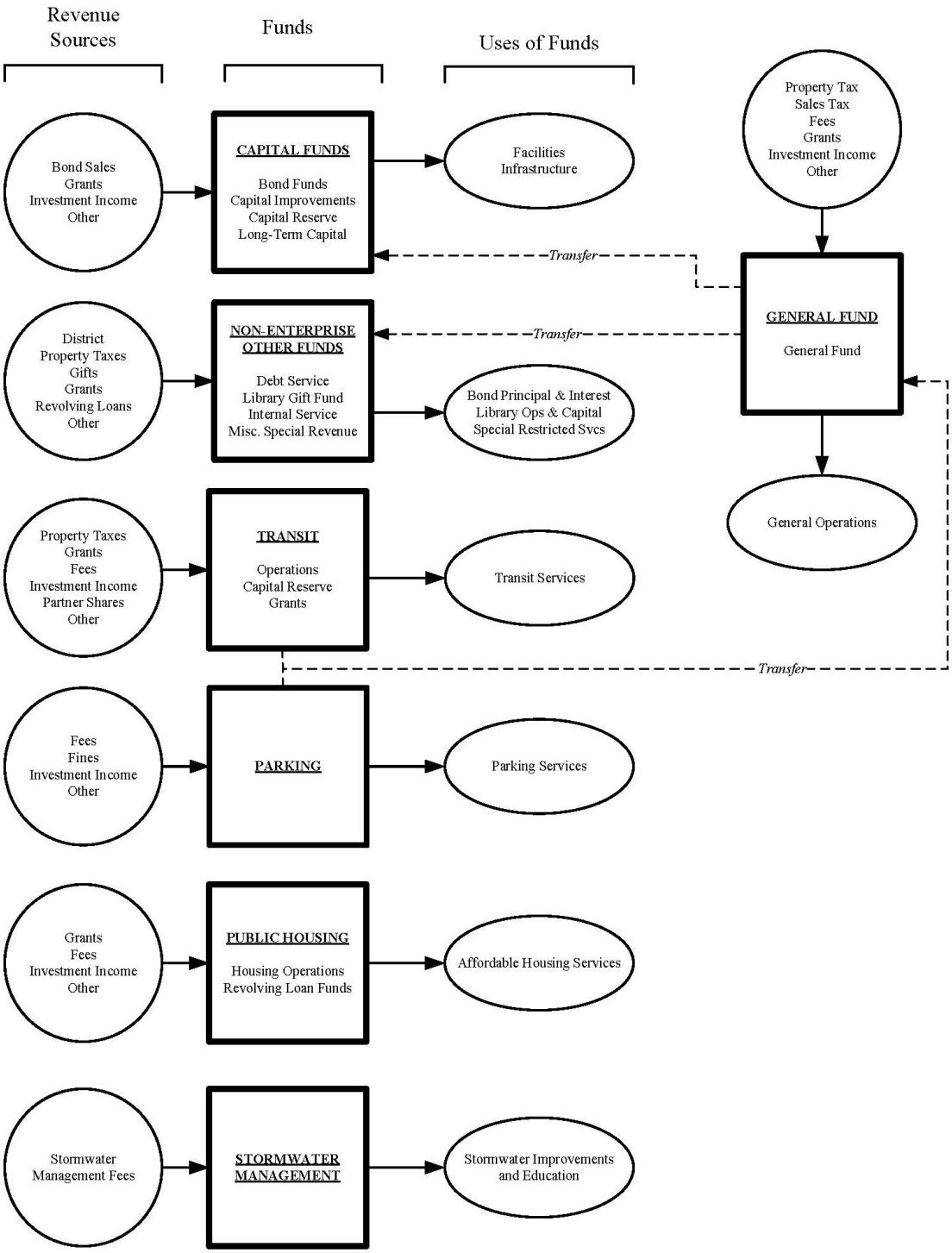
## *SUMMARY OF ESTIMATED FINANCIAL SOURCES AND USES*

## *2026-27*

| | Annual Funds - Combined Totals | | |
|---|---|---|---|
| | **24-25 Actual** | **25-26 Estimated** | **26-27 Adopted** |
| **Net Unreserved Assets, Beginning of Year** | 90,832,660 | 91,686,323 | 83,927,324 |
| **Financial Sources** | | | |
| Property Taxes | 58,727,463 | 70,443,755 | 71,164,500 |
| Other Tax and Licenses | 23,969,840 | 24,850,817 | 25,557,745 |
| State-Shared Revenues | 12,860,525 | 12,724,942 | 12,552,247 |
| Interest on Investments | 5,067,643 | 3,222,943 | 2,113,906 |
| Other Revenues | 1,634,908 | 1,948,646 | 1,003,685 |
| Grants | 12,097,065 | 7,525,529 | 4,777,038 |
| Charges for Services | 33,423,070 | 33,794,284 | 36,216,977 |
| Licenses/Permits/Fines | 3,016,467 | 3,015,238 | 3,113,600 |
| Transfers/Other Sources | 11,383,425 | 16,174,101 | 12,342,133 |
| 2025 Installment Financing | 3,262,938 | - | - |
| Appropriated Net Assets (Fund Balance) | - | - | 1,171,477 |
| **Total Estimated Financial Sources** | **165,443,344** | **173,700,255** | **170,013,308** |
| **Expenditures** | | | |
| Personnel | 86,425,088 | 91,504,360 | 99,216,228 |
| Operations | 63,153,869 | 76,664,140 | 61,519,384 |
| Capital | 15,010,724 | 13,290,754 | 9,258,915 |
| Contribution to Reserve | - | - | 18,781 |
| **Total Budget** | **164,589,681** | **181,459,254** | **170,013,308** |
| **Financial Sources less Expenditures** | **853,663** | **(7,758,999)** | **-** |
| **Net Unreserved Assets, End of Year** | **91,686,323** | **83,927,324** | **82,774,628** |

Note: Please see note about fund balance estimates on page 70.

# *TOWN OF CHAPEL HILL FLOW OF FUNDS*



# *SUMMARY OF ANNUAL FUND GROUPS*

## Governmental Funds

General Fund

Special Revenue Funds
- Grants Fund
- Downtown Service District Fund
- Library Gift Fund
- Climate Action Fund

Debt Service Fund

Capital Funds
- Capital Improvements/Projects Fund
- Capital Reserve Fund
- Transit Capital Reserve Fund

## Proprietary Funds

Enterprise Funds
- Transit Fund
- Stormwater Mgmt. Fund
- Parking Facilities Fund
- Public Housing Fund

Internal Service Funds
- Fleet Management Fund
- Vehicle Replacement Fund
- Computer Replacement Fund

**INTERFUND TRANSFERS**
**Adopted 2026-27**

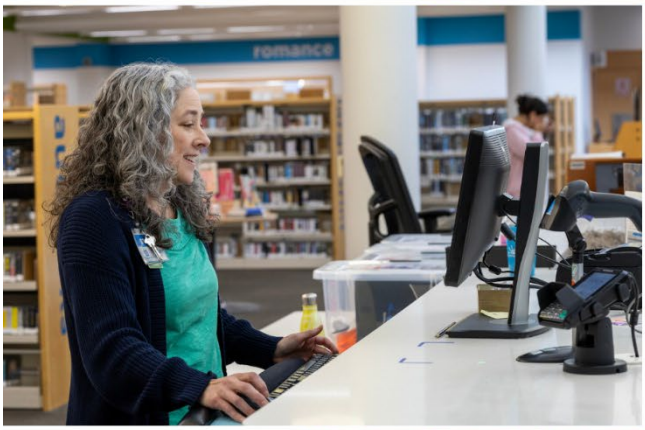
| Transfers to: | Transfers From: General Fund | Climate Action Fund | Debt Service Fund | Library Gift Fund | Net Transfers |
|---|---|---|---|---|---|
| **General Fund** | $ - | $ - | $ - | $ 45,000 | $ 45,000 |
| **Parking Facilities Fund** | - | - | 1,957,868 | - | 1,957,868 |
| **Vehicle Replacement Fund** | - | 40,000 | - | - | 40,000 |
| **Multi-Year Affordable Hsing** | 722,003 | - | - | - | 722,003 |
| **Climate Action Fund** | 804,259 | - | - | - | 804,259 |
| **Stormwater Management** | 17,000 | - | - | - | 17,000 |
| **Debt Service Fund** | 445,100 | - | - | - | 445,100 |
| **CIP Fund** | 2,987,403 | - | - | - | 2,987,403 |
| **Multi-Year Capital Fund** | 204,948 | | - | - | 204,948 |
| **Grants Fund** | 27,450 | - | - | - | 27,450 |
| **Net Transfers** | **$ 5,208,163** | **$ 40,000** | **$ 1,957,868** | **$ 45,000** | **$ 7,251,031** |

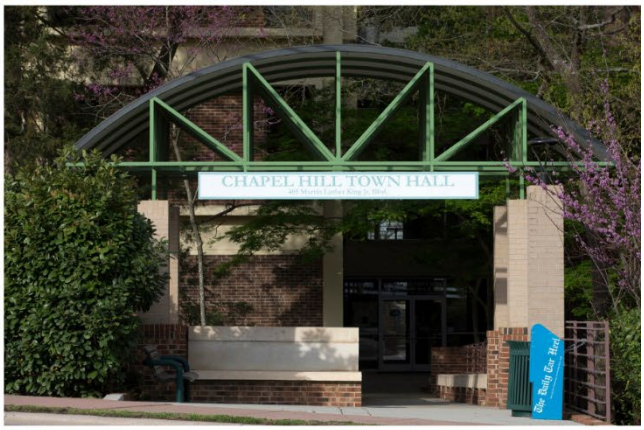
# *GENERAL FUND*















The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

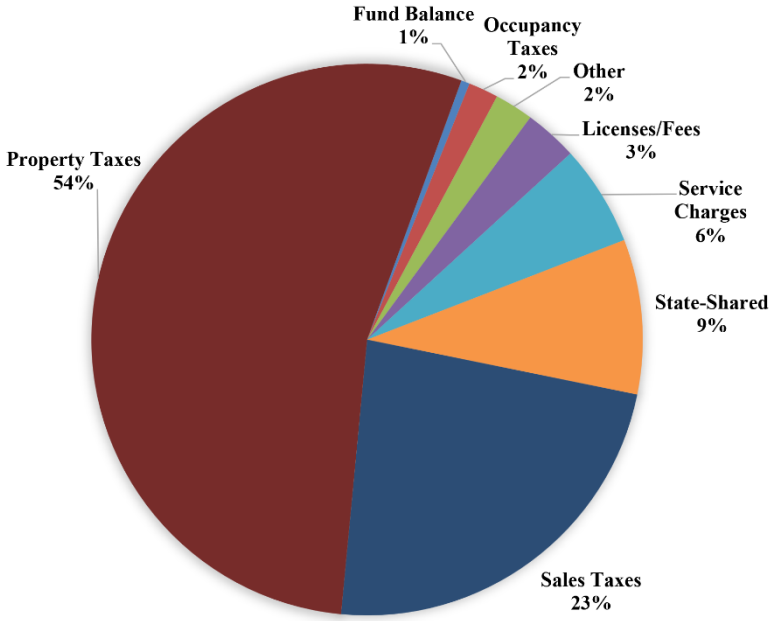
## *GENERAL FUND*
## *BUDGET SUMMARY*

### EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Government | $ 24,631,991 | $ 26,002,682 | $ 29,179,956 | $ 28,152,250 | $ 26,404,056 | 1.5% |
| Environment & Development | 19,940,281 | 22,927,421 | 24,652,481 | 23,356,599 | 23,853,241 | 4.0% |
| Public Safety | 28,193,482 | 31,275,697 | 31,586,062 | 30,755,548 | 34,354,336 | 9.8% |
| Leisure | 13,060,062 | 14,677,200 | 14,761,787 | 14,433,372 | 15,148,367 | 3.2% |
| Total | $ 85,825,816 | $ 94,883,000 | $ 100,180,286 | $ 96,697,769 | $ 99,760,000 | 5.1% |

### REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues: | | | | | | |
| Property Taxes | $ 43,125,347 | $ 50,530,000 | $ 50,530,000 | $ 53,377,500 | $ 53,917,500 | 6.7% |
| Sales Taxes | 21,643,069 | 21,528,427 | 21,528,427 | 22,550,817 | 23,257,745 | 8.0% |
| Occupancy Tax | 1,784,635 | 1,750,000 | 1,750,000 | 1,750,000 | 1,750,000 | 0.0% |
| Other Tax and Licenses | 88,821 | 100,000 | 100,000 | 100,000 | 100,000 | 0.0% |
| State-Shared Revenues | 9,228,821 | 8,927,339 | 8,929,614 | 9,074,247 | 9,052,247 | 1.4% |
| Interest on Investments | 1,279,935 | 750,000 | 750,000 | 903,860 | 750,000 | 0.0% |
| Other Revenues | 1,068,677 | 407,962 | 499,862 | 713,687 | 628,210 | 54.0% |
| Grants | 863,453 | 750,083 | 822,940 | 856,717 | 744,988 | -0.7% |
| Charges for Services | 6,331,982 | 6,173,959 | 6,173,959 | 5,763,513 | 5,900,710 | -4.4% |
| Licenses/Permits/Fines | 3,016,467 | 2,920,230 | 2,920,230 | 3,015,238 | 3,113,600 | 6.6% |
| Transfers/Other Sources | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 0.0% |
| Appropriated | | | | | | |
| Fund Balance | (2,650,391) | 1,000,000 | 6,130,254 | (1,452,810) | 500,000 | -50.0% |
| Total | $ 85,825,816 | $ 94,883,000 | $ 100,180,286 | $ 96,697,769 | $ 99,760,000 | 5.1% |

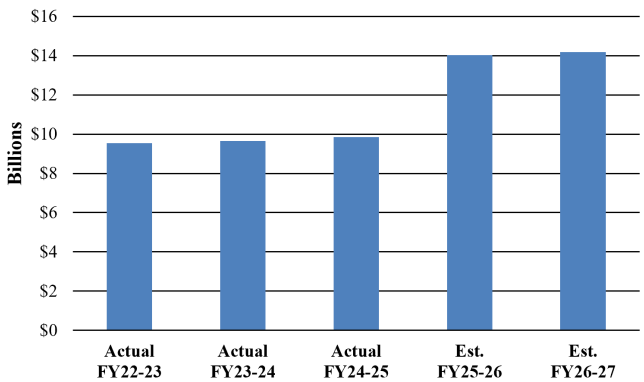



### Property Tax

The largest component of the property tax is the levy on real property. The property tax consists of three components – General Fund, Debt Service Fund, and Transit Fund. We have based our estimate on historic trends and current information from Orange and Durham Counties for the overall tax base. The tax base for 2026-27 is estimated to be $14,174,340,000 with 1 cent on the tax rate equivalent to about $1,410,000.

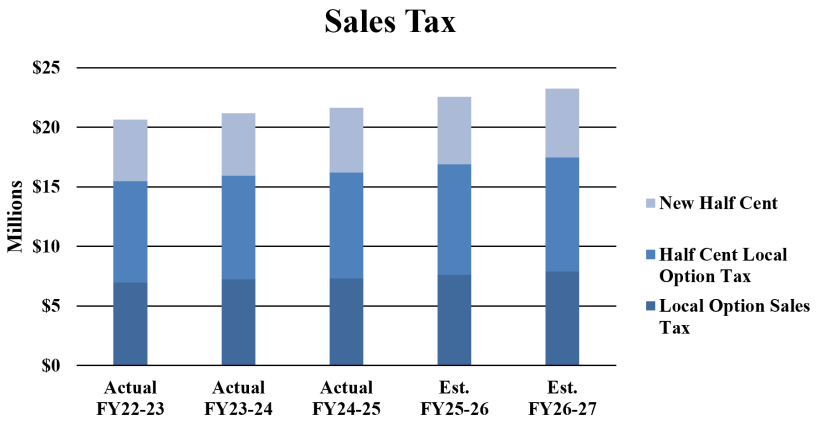
The combined property tax revenue we anticipate for 2026-27 totals about $70.5 million, with $53.7 million of that supporting the General Fund.

**Property Tax Base**




### Other Local Taxes

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total $1,750,000 in the current year and $1,750,000 in 2026-27. Generally speaking, revenue trends are affected by University events and overall economic conditions.



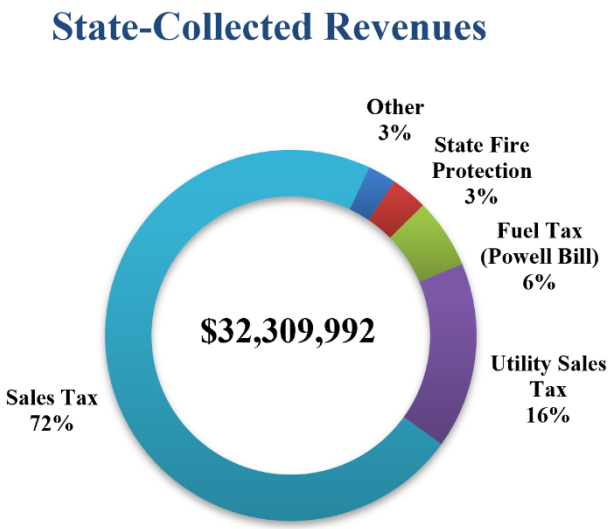

**State-Collected Revenues**

**Sales Taxes**
Sales tax revenue is expected to come in over budget in 2025-26. Based on past growth, a decrease of 6.4% was budgeted for FY25-26. Sales tax receipts are growing at a faster rate versus the previous year through the first seven months. Based on this trend, we anticipate steady growth through the remainder of the fiscal year. We are estimating an increase of 8% in projected sales tax revenue for FY26-27 compared to the FY25-26 adopted budget. We estimate combined sales taxes of $22,550,817 for 2025-26. Orange County has the option to change the allocation method for sales taxes from per capita to ad valorem, which would result in a significant reduction in sales tax receipts for the Town.

**Motor Fuel Taxes (known as Powell Bill funds)**
Motor fuel tax revenue is based on receipts of 1¾ cents of the State gasoline tax allocated to local governments, based on population and local street mileage in each jurisdiction. This revenue is anticipated to total $1,968,533 in 2025-26, about $7,000 less than the previous year. For 2026-27, we anticipate revenues will remain flat at $1,968,533.

**State Fire Protection Funds**
We are expecting about $1,025,000 in State Fire Protection Funds in the 2025-26, and we expect that figure to hold at $1,025,000 in 2026-27.

**Utility Sales Tax**
Utility sales taxes are derived from a 3 percent tax on gross revenues from public utilities in each jurisdiction and are collected by the State for distribution to cities and towns. Because the fees are dependent upon utility charges, they are affected by weather conditions and can vary from year to year. We estimate that we will receive approximately $5,250,000 in 2025-26 in utility sales taxes. We anticipate that revenues will remain flat at $5,250,000 in 2026-27.




**Solid Waste Disposal Tax**
The Solid Waste Disposal Tax is a $2 per-ton tax charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities and towns on a per capita basis. We anticipate receiving around $48,500 in 2025-26 and $48,500 in 2026-27.

**Beer and Wine Taxes**
Assuming full receipt of the Beer and Wine tax revenue normally distributed in May to cities and counties, we estimate allocations from this source of about $250,000 in 2025-26 and $250,000 in 2026-27.

In summary, we estimate State-collected revenues will total about $32,309,992 in FY26-27.

**Other Revenue Sources**

*Grants*
This category of revenue includes certain recurring local and State grants totaling about $745,000 for 2026-27. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

Local grants include appropriations from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. The adopted budget for 2026-27 includes level funding from the County at $83,760 for the Parks and Recreation supplement as well as level funding of $621,323 for the Chapel Hill Public Library. However, late in the budget process the County elected to eliminate the Parks & Rec funding in full for FY27 and to reduce the amount given to the library by one-third. The State appropriation for Library services is budgeted at $39,905.

*Charges for Services*
Service charges for various Town services and programs (including zoning compliance review and Parks and Recreation programs) are estimated to come in under budget in 2025-26 by about $410,000. This is driven by lower than anticipated development-related revenues, parks activity, garbage collection, and lower charges for CHPD Student Resource Officer services provided to Chapel Hill-Carrboro City Schools. Charges for services are expected to decrease from a budgeted amount of $6,173,959 in 2025-26 to $5,900,710 for 2026-27 due to recent trends.

This category also reflects amounts transferred from other Town funds to the General Fund, primarily to recover administrative and indirect costs from other Town enterprise funds and services. For 2026-27, these include $89,339 from Parking, $192,664 from the Stormwater Management Fund, and $1,941,001 from the Transit Enterprise Fund.

*Licenses/Permits/Fines & Forfeitures*
Revenue from licenses, permits, and fines are expected to come in over the 2025-26 budget by about $95,000, mainly due to larger than anticipated revenues from Inspections. Total licenses and permits are expected to increase from just over $3 million in 2025-26 to $3.11 million in 2026-27.

*Interest on Investments*
The General Fund share of interest earned on the Town's investments is recorded in this category. Investment income in the 2025-26 budget was originally estimated at $750,000. Due to several factors, interest is anticipated to come in over budget at $903,860 for FY25-26. The Town anticipates $750,000 in interest income in 2026-27 based on current trends.

**Miscellaneous, Transfers, Net Assets (Fund Balance)**

*Miscellaneous Revenues*
The primary miscellaneous revenues include mutual aid reimbursements, court cost reimbursements, donations, insurance claims, various sales conducted by departments, and sales tax refunds. Miscellaneous revenues are expected to total about $714,000 for 2025-26 and $628,000 for 2026-27.

*Transfers*
Transfers include a transfer of $45,000 for 2026-27 from the Library Gift Fund for Library purposes.

*Fund Balance*
This appropriation represents the use of net assets (fund balance) for general operations. We are currently budgeted to use about $6.1 million of fund balance in 2025-26, but through cost-cutting measures, we anticipate using no fund balance in FY25-26. This is based on conservative revenue estimates and departmental end-of-year expenditure estimates. The 2026-27 adopted annual budget includes the use of $500,000 in fund balance to maintain service levels.

**Summary of Revenues**

In summary, the annual budget includes $99.76 million in General Fund revenues, including the use of $500,000 of fund balance.

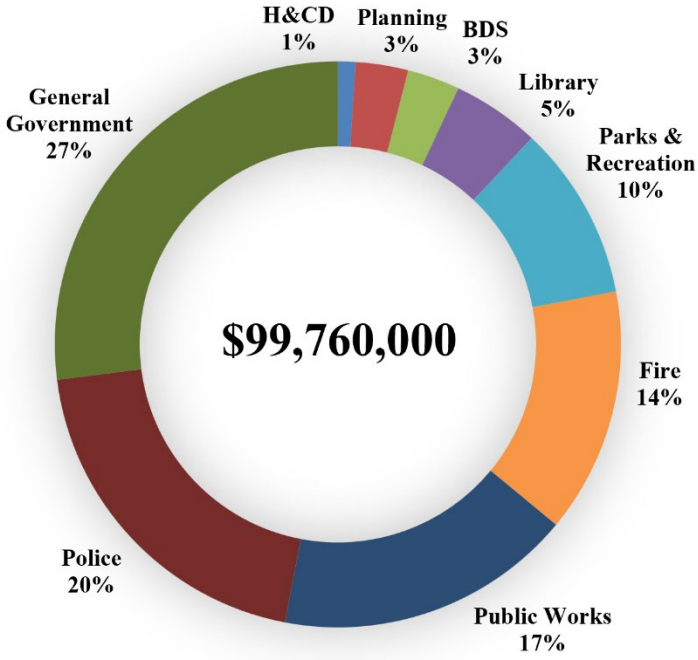
The table below shows comparative estimates of total General Fund revenues for the current year and next year.

| | 25-26 Revised Budget | 25-26 Estimated | 26-27 Adopted Budget |
|---|---|---|---|
| Property Taxes | $ 50,530,000 | $ 53,377,500 | $ 53,917,500 |
| Sales Taxes | 21,528,427 | 22,550,817 | 23,257,745 |
| Occupancy Tax | 1,750,000 | 1,750,000 | 1,750,000 |
| Other State-Collected | 8,929,614 | 9,074,247 | 9,052,247 |
| Other Revenues | 1,349,862 | 1,717,547 | 1,478,210 |
| Grants | 822,940 | 856,717 | 744,988 |
| Service Charges | 6,173,959 | 5,763,513 | 5,900,710 |
| Licenses/Permits | 2,920,230 | 3,015,238 | 3,113,600 |
| Interfund Transfers | 45,000 | 45,000 | 45,000 |
| Fund Balance | 6,130,254 | (1,452,810) | 500,000 |
| **Total** | **$ 100,180,286** | **$ 96,697,769** | **$ 99,760,000** |

# *GENERAL FUND*
## *Major Expenditures - Descriptions and Estimates*

The General Fund provides basic services for Town citizens including police and fire protection, environment and development services (including planning, public works, engineering, and inspections), general administration, and planning for growth and development in the community.

The pie chart below shows the relative proportions of expenditures for the various functions and departments in the General Fund budget totaling $99,760,000 for the 2026-27 budget.




The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about $20 million and Fire Department expenditures of about $14.3 million.

Environment and Development comprises about $23.9 million, including Planning, Housing & Community Development, Building & Development Services, and Public Works, which provide services of affordable housing, planning for growth, inspections, engineering, solid waste collection, maintenance of streets, and maintenance of Town facilities.

Police, Fire, and Public Works together comprise just over 50% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about $9.9 million, Library services of just under $5.3 million, and General Governmental activities (Administration, Town Clerk, Human Resources, Business Management, Technology Solutions, and Attorney) totaling about $15.2 million.

Non-departmental expenditures total $11.2 million. $1,846,189 is included in the adopted budget for distribution to other agencies in support of human services, cultural and arts programs, and development of affordable housing as adopted by the Council. The non-departmental budget also includes funding for capital improvements (just under $3 million) retiree medical insurance ($2 million), and legal fees ($100,000). The budget for liability and property insurance totals $750,000.

The 2026-27 budget includes changes to the Town's contribution to employee retirement. This amount went up by $321,749, which reflects a 0.75% increase to the contribution over the prior year. Other personnel increases to the budget include a 4% of market rate salary adjustment starting July 1, 2026 ($2,107,388) and a health insurance increase ($555,870). Also related to personnel, the adopted budget includes funding for two new positions in the General Fund: a Destination Coordinator in the Economic Development division of the Manager's Office ($108,657) and a Library Associate position ($81,686).

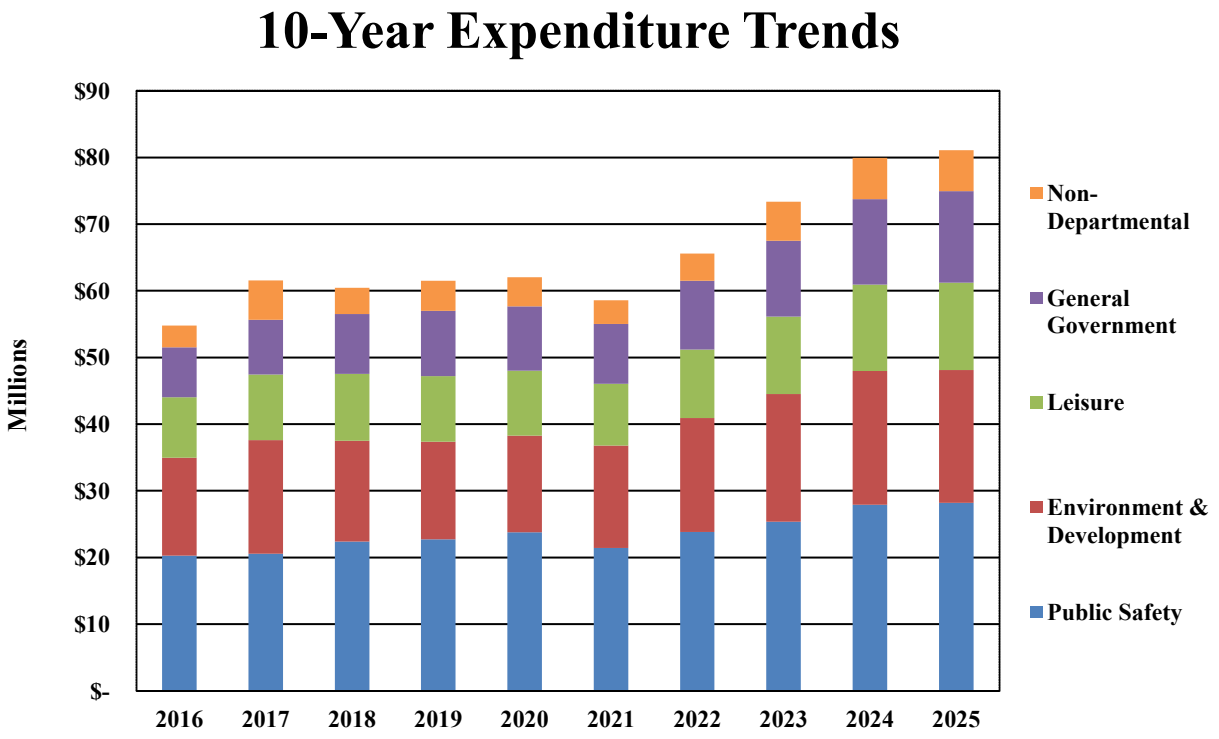
The 2026-27 budget includes increased funding for vehicle replacement ($250,000) and additional funding in various areas for cost of services increases ($201,683). Other increases to the FY27 budget include $500,000 for Fire Capital costs, $250,000 for increased facility maintenance, and $250,000 for streets maintenance. Vehicle Maintenance is up over FY26, by about $40,000, and liability insurance is also up by $100,000 over the prior year.

The 2026-27 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis ($2,000,000) and contribute $250,000 towards the post-employment benefit (OPEB) liability.

The table below shows expenditure levels for General Fund personnel, operating costs, and capital outlay.

**EXPENDITURES**

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 61,218,019 | $ 66,707,228 | $ 66,006,433 | $ 64,693,229 | $ 70,385,218 | 5.5% |
| Operating Costs | 24,521,387 | 27,595,772 | 33,011,298 | 31,014,378 | 28,284,782 | 2.5% |
| Capital Outlay | 86,410 | 580,000 | 1,162,555 | 990,162 | 1,090,000 | 87.9% |
| Total | $ 85,825,816 | $ 94,883,000 | $ 100,180,286 | $ 96,697,769 | $ 99,760,000 | 5.1% |


10-Year Expenditure Trends
Millions
$90
$80
$70
$60
$50
$40
$30
$20
$10
$-
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Non-Departmental
General Government
Leisure
Environment & Development
Public Safety

## *GENERAL FUND*
## *EXPENDITURES BY DEPARTMENT*

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| **General Government** | | | | | | |
| Mayor/Council | $ 581,742 | $ 681,796 | $ 688,846 | $ 680,187 | $ 654,285 | -4.0% |
| Town Manager's Office | 4,528,690 | 5,333,500 | 5,656,878 | 5,651,248 | 5,209,172 | -2.3% |
| Clerk's Office | 701,154 | - | - | - | - | N/A |
| Human Resource Development | 1,631,250 | 1,716,928 | 1,788,071 | 1,505,733 | 1,822,794 | 6.2% |
| Business Management Department | 2,876,933 | 3,389,911 | 3,468,079 | 3,392,506 | 3,523,719 | 3.9% |
| Technology Solutions | 2,783,835 | 2,921,485 | 3,014,490 | 2,989,316 | 3,237,734 | 10.8% |
| Town Attorney | 659,499 | 711,636 | 711,636 | 659,347 | 712,812 | 0.2% |
| Non-Departmental | 10,868,888 | 11,247,426 | 13,851,956 | 13,273,913 | 11,243,540 | 0.0% |
| **Subtotal** | **$ 24,631,991** | **$ 26,002,682** | **$ 29,179,956** | **$ 28,152,250** | **$ 26,404,056** | **1.5%** |
| **Environment & Development** | | | | | | |
| Planning | $ 1,912,087 | $ 2,323,849 | $ 2,946,526 | $ 2,435,931 | $ 2,410,126 | 3.7% |
| Housing and Community Development | 1,123,464 | 1,291,081 | 1,172,441 | 994,046 | 1,051,323 | -18.6% |
| Public Works | 14,285,315 | 16,236,025 | 17,466,471 | 17,036,434 | 17,087,433 | 5.2% |
| Building & Development Services | 2,619,415 | 3,076,466 | 3,067,043 | 2,890,188 | 3,304,359 | 7.4% |
| **Subtotal** | **$ 19,940,281** | **$ 22,927,421** | **$ 24,652,481** | **$ 23,356,599** | **$ 23,853,241** | **4.0%** |
| **Public Safety** | | | | | | |
| Police | $ 16,682,732 | $ 18,724,176 | $ 18,585,652 | $ 18,213,613 | $ 20,038,778 | 7.0% |
| Fire | 11,510,750 | 12,551,521 | 13,000,410 | 12,541,935 | 14,315,558 | 14.1% |
| **Subtotal** | **$ 28,193,482** | **$ 31,275,697** | **$ 31,586,062** | **$ 30,755,548** | **$ 34,354,336** | **9.8%** |
| **Leisure** | | | | | | |
| Parks and Recreation | $ 8,500,018 | $ 9,694,655 | $ 9,772,467 | $ 9,448,071 | $ 9,881,783 | 1.9% |
| Library | 4,560,044 | 4,982,545 | 4,989,320 | 4,985,301 | 5,266,584 | 5.7% |
| **Subtotal** | **$ 13,060,062** | **$ 14,677,200** | **$ 14,761,787** | **$ 14,433,372** | **$ 15,148,367** | **3.2%** |
| **General Fund Total** | **$ 85,825,816** | **$ 94,883,000** | **$ 100,180,286** | **$ 96,697,769** | **$ 99,760,000** | **5.1%** |

# *GENERAL GOVERNMENT*
# *BUDGET SUMMARY*

*This section includes management, human resources, finance, information technology, and legal functions to support all Town departments, as well as budget for non-departmental expenses.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Mayor/Council | $ 581,742 | $ 681,796 | $ 688,846 | $ 680,187 | $ 654,285 | -4.0% |
| Town Manager's Office | 4,528,690 | 5,333,500 | 5,656,878 | 5,651,248 | 5,209,172 | -2.3% |
| Clerk's Office | 701,154 | - | - | - | - | N/A |
| Human Resource Development | 1,631,250 | 1,716,928 | 1,788,071 | 1,505,733 | 1,822,794 | 6.2% |
| Business Management Department | 2,876,933 | 3,389,911 | 3,468,079 | 3,392,506 | 3,523,719 | 3.9% |
| Technology Solutions | 2,783,835 | 2,921,485 | 3,014,490 | 2,989,316 | 3,237,734 | 10.8% |
| Town Attorney | 659,499 | 711,636 | 711,636 | 659,347 | 712,812 | 0.2% |
| Non-Departmental | 10,868,888 | 11,247,426 | 13,851,956 | 13,273,913 | 11,243,540 | 0.0% |
| Total | $ 24,631,991 | $ 26,002,682 | $ 29,179,956 | $ 28,152,250 | $ 26,404,056 | 1.5% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 24,631,991 | $ 26,002,682 | $ 29,179,956 | $ 28,152,250 | $ 26,404,056 | 1.5% |
| Total | $ 24,631,991 | $ 26,002,682 | $ 29,179,956 | $ 28,152,250 | $ 26,404,056 | 1.5% |

# *MAYOR/COUNCIL*

**MISSION STATEMENT**:
*The primary mission of the Town Council, as the governing body of the Town, is to adopt and provide for the execution of ordinances, rules, and regulations as may be necessary or appropriate to protect health, life, or property, or to promote the comfort, convenience, security, good order, better government, or the general welfare of the Town and its citizens.*

The Mayor and eight Council Members constitute the governing body of the Town. In accordance with the Town's Charter, the voters elect a Mayor every two years. Council Members are elected to four-year, staggered terms on an at-large basis. The Mayor chairs Town Council meetings and represents the Town in various intergovernmental matters.

The Mayor and Town Council make policy decisions regarding Town services and other governmental responsibilities of the Town. Most policy decisions occur through adoption of the Comprehensive Plan, the annual budget, the capital improvements program, and other ordinances and resolutions. Town Council duties also include:

- Amendment of previously adopted policies from time to time through changes in the Town Code of Ordinances and the Land Use Management Ordinance, and by revision of policies and documents such as the Comprehensive Plan and transportation plans.

- Appointment of advisory boards, commissions, task forces, and committees, including appointment of five of the nine members of the Orange Water and Sewer Authority Board of Directors, a separate entity from the Town, created pursuant to State law.

- Appointment of the Town Manager and Town Attorney.

- Establishment of agreements with other governments, such as the Joint Planning Agreement with Orange County and the Town of Carrboro.

# *MAYOR*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Mayoral Assistant | 1.00 | 1.00 | 1.00 |
| Mayor's Office Totals | 1.00 | 1.00 | 1.00 |

# *MAYOR*
# *BUDGET SUMMARY*

*The adopted budget for the Mayor's Office reflects a 4% increase from the 2025-26 budget. Personnel costs increased 4.4%, reflecting a retirement increase, an increase in insurance costs, and a salary increase. Operating costs remained mostly flat.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 143,222 | $ 153,078 | $ 151,828 | $ 153,509 | $ 159,819 | 4.4% |
| Operating Costs | 18,953 | 21,353 | 14,203 | 21,018 | 21,516 | 0.8% |
| Total | $ 162,175 | $ 174,431 | $ 166,031 | $ 174,527 | $ 181,335 | 4.0% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 162,175 | $ 174,431 | $ 166,031 | $ 174,527 | $ 181,335 | 4.0% |
| Total | $ 162,175 | $ 174,431 | $ 166,031 | $ 174,527 | $ 181,335 | 4.0% |

# *COUNCIL*
# *BUDGET SUMMARY*

*The adopted budget for the Town Council reflects a decrease of 6.8% from the 2025-26 budget, primarily due to a decrease in operating expenses because FY26-27 is not an election year. Personnel expenses went up due to increased insurance costs and a salary increase.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 278,412 | $ 291,185 | $ 291,185 | $ 293,397 | $ 320,340 | 10.0% |
| Operating Costs | 141,155 | 216,180 | 231,630 | 212,263 | 152,610 | -29.4% |
| Total | $ 419,567 | $ 507,365 | $ 522,815 | $ 505,660 | $ 472,950 | -6.8% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 419,567 | $ 507,365 | $ 522,815 | $ 505,660 | $ 472,950 | -6.8% |
| Total | $ 419,567 | $ 507,365 | $ 522,815 | $ 505,660 | $ 472,950 | -6.8% |

# *TOWN MANAGER'S OFFICE*

**MISSION STATEMENT**:
*The mission of the Town Manager's Office is to ensure that the laws of the State and the ordinances, resolutions, regulations, and policies of the Council are faithfully executed, and that Town records are accessible to the public with trust and transparency.*

The Town Manager's Office identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Executive Management & Council Support** | Administer and manage operation of Town government to deliver consistently high-quality services to the community, support the Council in their role as a decision-making and policy-setting board, and carry out the Council's policies efficiently and equitably. |  |
| **Communications and Community Relations** | Contribute to an informed and engaged community by establishing and maintaining channels for sharing information about Town operations and initiatives, producing and distributing information in a variety of formats, and designing and assisting with community engagement efforts. |  |
| **Equal Opportunity and Community Impact** | Strengthen and transform the Town's commitment to positive community impact by collaboratively developing, directing, and coordinating policies, procedures, programs, and initiatives that promote equal opportunity, celebrate the unique identities of Chapel Hill's residents and staff, and advance inclusion for all. | |
| **Economic Development** | Provide support and assistance to prospective and existing businesses to encourage development, promote and encourage job growth, and contribute to a more inclusive community. |  |
| **Ombuds Services** | Provide neutral, confidential, and informal management or resolutions of issues brought by Town employees and community members. | |

# *TOWN MANAGER'S OFFICE*

| Program | Description | Strategic Priority |
|---|---|---|
| **Sustainability & Resilience** | Implement the Town's Climate Action and Response Plan to lower carbon emissions and address the effects of climate change. |  |
| **Governance/Clerk's Office Services** | Facilitate and support Council Meetings and the Town's advisory board system. Maintain the Municipal Code of Ordinances, fulfill records requests, issue Domestic Partnerships and "Proof of Life" certificates, and provide Notary services. |  |
| **Urban Design** | Serve as a liaison to staff and applicants during the development application life cycle to coordinate, communicate, and implement design best practices that achieve the vision of the Council and the community. |  |
| **Community Connections** | Manage and fund partnerships with human services agencies that meet community needs. Connect community members with resources and manage programs and services to support the community. |  |

# *MANAGER'S OFFICE*
## Performance Measures




### Strategic Objectives

- Reduce organizational greenhouse gas emissions
- Create room for business
- Increase collaboration, innovation, and learning
- Engage the public in Town decision making and Town programs so that outcomes balance community interests, values, and needs
- Develop, grow, and maintain effective two-way communication channels that reach people where they are to tell the story of what we are doing and how our actions affect them
- Complete Public Records requests within 10 business days of receipt
- Post Council Business Meeting agenda to the web at least 6 days prior to the meeting 90% of the time
- Post Council Business Meeting video to the web by noon the following day 100% of the time
- Approve Council Meeting minutes by the following month's Regular Business Meeting 100% of the time

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Economic Development | Sales tax revenue year-over-year growth | 7.1% | 7% | 7% | 7.1% |
| Ombuds Services | Number of visitors served | 425 visitors | 168 visitors | 149 visitors | 160 visitors |
| | Monthly report to Town Manager | met | met | met | meet |
| Community Sustainability & Resilience | Guaranteed energy savings from Town Hall, the Community Center, and the Homestead Aquatics Center | 1,839,201 lbs of $CO_2e$[1] | 1,705,961 lbs of $CO_2e$[1 2] | 1,590,098 lbs of $CO_2e$[1 2] | 1,590,098 lbs of $CO_2e$[1 2] |
| Resident Participation | Meet/exceed the regional benchmark of 2013 Community Survey's results of 51% satisfaction with "availability of information about Town Programs." | 52% | No Survey[3] | 65% | No Survey[3] |

[1] lb of $CO_2e$ = pounds of carbon dioxide equivalent

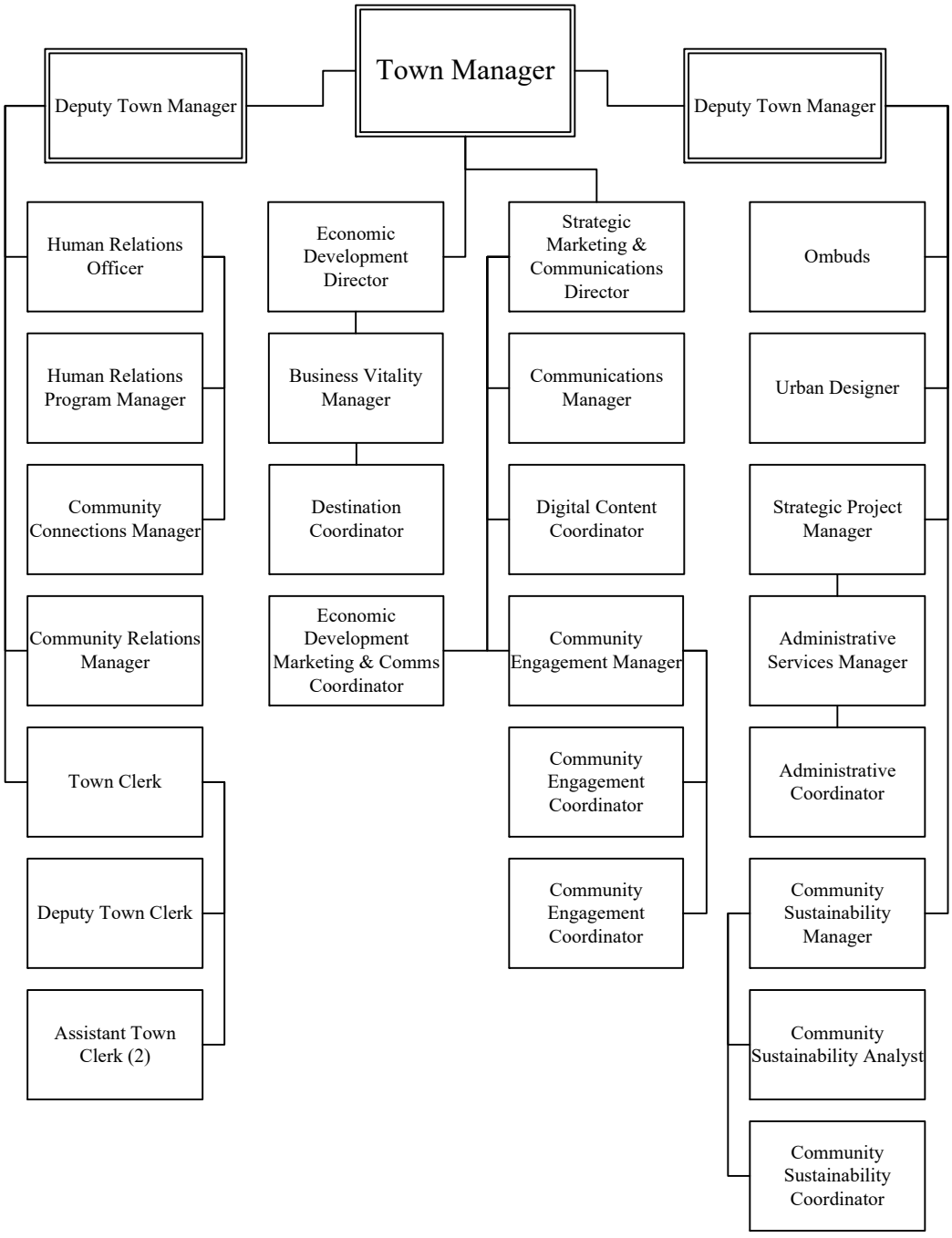
[2] Carbon benefits decline over time as the electricity grid gets cleaner. Lighting upgrades reduced electrical demand.

[3] The biennial Community Survey is held in even years.

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| | Meet/exceed the regional benchmark of 2013 Community Survey's results of 48% satisfaction with "quality of Town website" | 57% | No Survey[3] | 64% | No Survey[3] |
| | Meet/exceed 2013 Community Survey's results of 60% satisfaction with "participate in local decisions/volunteering." | 50% | No Survey[3] | 58% | No Survey[3] |
| Public Records Response Time | Average response time (in business days) for public records request | New Metric in FY25 | 9.36 | 6.03 | 10 |
| Governance Support | % of time that Council Business Meeting agenda is posted at least 6 days prior to the meeting | 81% | 84% | 88% | 90% |
| | % of time that Council Business Meeting video is posted by noon the following day | 97% | 92% | 100% | 90% |
| | % of time Council Meeting minutes are approved at the following month's Regular Business Meeting | New Metric in FY26 | New Metric in FY26 | 100% | 100% |

[3] The biennial Community Survey is held in even years.

# TOWN MANAGER'S OFFICE



# *TOWN MANAGER'S OFFICE*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Manager** | | | |
| Town Manager | 1.00 | 1.00 | 1.00 |
| Deputy Town Manager | 2.00 | 2.00 | 2.00 |
| Strategic Project Manager | 1.00 | 1.00 | 1.00 |
| Administrative Services Manager | 1.00 | 1.00 | 1.00 |
| Grants Administrator | 1.00 | 0.00 | 0.00 |
| Director of Employee Engagement & Organizational Development | 1.00 | 0.00 | 0.00 |
| Administrative Coordinator | 1.00 | 1.00 | 1.00 |
| Urban Designer | 1.00 | 1.00 | 1.00 |
| Ombuds | 1.00 | 1.00 | 1.00 |
| Community Relations Manager | 1.00 | 1.00 | 1.00 |
| Division Totals | 11.00 | 9.00 | 9.00 |
| **Communications** | | | |
| Director - Strategic Marketing & Communications | 1.00 | 1.00 | 1.00 |
| Communications Manager | 0.00 | 0.00 | 1.00 |
| Graphic Artist | 1.00 | 1.00 | 0.00 |
| Digital Content Coordinator | 1.00 | 1.00 | 1.00 |
| Community Engagement Manager[1] | 0.00 | 1.00 | 1.00 |
| Community Engagement Coordinator[2] | 0.00 | 1.00 | 1.00 |
| Community Engagement Coordinator[3] | 0.00 | 0.00 | 1.00 |
| Division Totals | 3.00 | 5.00 | 6.00 |
| **Economic Development** | | | |
| Director - Economic Development | 1.00 | 1.00 | 1.00 |
| Business Vitality Manager | 1.00 | 1.00 | 1.00 |
| Economic Development Marketing & Comms Coordinator | 1.00 | 1.00 | 1.00 |
| Destination Coordinator | 0.00 | 0.00 | 1.00 |
| Division Totals | 3.00 | 3.00 | 4.00 |
| **Human Relations** | | | |
| Human Relations Officer | 1.00 | 1.00 | 1.00 |
| Human Relations Program Manager | 1.00 | 1.00 | 1.00 |
| Community Connections Manager[3] | 0.00 | 0.00 | 1.00 |
| Division Totals | 2.00 | 2.00 | 3.00 |
| **Emergency Preparedness & Risk Management**[4] | | | |
| Emergency Management Manager | 1.00 | 1.00 | 0.00 |
| Deputy Emergency Management Manager | 1.00 | 1.00 | 0.00 |
| Risk Manager | 1.00 | 1.00 | 0.00 |
| Risk Claims Specialist | 1.00 | 1.00 | 0.00 |
| Division Totals | 4.00 | 4.00 | 0.00 |

*continued*

# *TOWN MANAGER'S OFFICE*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Clerk's Office**[5] | | | |
| Town Clerk | 0.00 | 1.00 | 1.00 |
| Town Clerk - Deputy | 0.00 | 1.00 | 1.00 |
| Assistant Town Clerk | 0.00 | 2.00 | 2.00 |
| Division Totals | 0.00 | 4.00 | 4.00 |
| **Climate Action**[6] | | | |
| Community Sustainability Manager | 1.00 | 1.00 | 1.00 |
| Community Sustainability Analyst | 1.00 | 1.00 | 1.00 |
| Community Sustainability Coordinator | 1.00 | 1.00 | 1.00 |
| Division Totals | 3.00 | 3.00 | 3.00 |
| Town Manager's Office Totals | 26.00 | 30.00 | 29.00 |

[1] This position moved from Housing & Community Development during FY24-25.

[2] This position was grant-funded through FY24-25 but is a Town-funded position starting in FY25-26.

[3] These positions moved from Housing & Community Development during FY25-26.

[4] The positions in this division will move to the Police Department and Human Resource Development starting in FY26-27.

[5] The Clerk's Office was absorbed into the Manager's Office during FY24-25.

[6] These positions are housed in the Manager's Office but paid out of the Climate Action Fund.

# *TOWN MANAGER'S OFFICE*
# *BUDGET SUMMARY*

*The adopted budget for the Manager's Office reflects a 2.3% decrease from the 2025-26 budget. The 0.4% increase in personnel expenses captures the four positions in the Emergency Preparedness and Risk Management division being disbursed to other departments and the removal of a full-time Graphic Artist position; these decreases were offset by two positions moving in from Housing & Community Development, the addition of a Communiciations Manager and a Destination Coordinator, along with increases to retirement, insurance costs, and a salary increase. The 14.2% decrease in operating expenses is due to the Emergency Preparedness and Risk Management division operational costs moving out.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 3,839,390 | $ 4,338,638 | $ 4,474,784 | $ 4,598,743 | $ 4,355,512 | 0.4% |
| Operating Costs | 689,300 | 994,862 | 1,182,094 | 1,052,505 | 853,660 | -14.2% |
| Total | $ 4,528,690 | $ 5,333,500 | $ 5,656,878 | $ 5,651,248 | $ 5,209,172 | -2.3% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 4,528,690 | $ 5,333,500 | $ 5,656,878 | $ 5,651,248 | $ 5,209,172 | -2.3% |
| Total | $ 4,528,690 | $ 5,333,500 | $ 5,656,878 | $ 5,651,248 | $ 5,209,172 | -2.3% |

# *CLERK'S OFFICE*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Town Clerk | 1.00 | 0.00 | 0.00 |
| Town Clerk - Deputy | 1.00 | 0.00 | 0.00 |
| Assistant Town Clerk | 2.00 | 0.00 | 0.00 |
| Office Assistant | 0.50 | 0.00 | 0.00 |
| Clerk's Office Department Totals | 4.50 | 0.00 | 0.00 |

*This department was absorbed into the Manager's Office during FY24-25.

# *CLERK'S OFFICE*
# *BUDGET SUMMARY*

*The Clerk's Office has been moved in full to reside within the Manager's Office, which is why there is no 2026-2027 adopted budget.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 539,331 | $ - | $ - | $ - | $ - | N/A |
| Operating Costs | 161,823 | - | - | - | - | N/A |
| Total | $ 701,154 | $ - | $ - | $ - | $ - | N/A |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 701,154 | $ - | $ - | $ - | $ - | N/A |
| Total | $ 701,154 | $ - | $ - | $ - | $ - | N/A |

# *HUMAN RESOURCE DEVELOPMENT*

**MISSION STATEMENT**:
*The Human Resource Development Department safeguards the Town's workforce by promoting high workplace standards, sound principles, and effective risk management. We support employees and departments with clear guidance, responsive services, and a commitment to fairness and professionalism. Our work helps maintain a culture where people can contribute confidently and the organization can fulfill its mission.*

The Human Resource Development Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Administration and Strategic Planning** | Administration Services provide the foundation for HR's work by coordinating daily operations, supporting efficient workflows, and ensuring information is accurate, timely, and accessible. HR Strategic Planning strengthens the Town's ability to plan ahead by building the infrastructure to track workforce trends, anticipate needs, and guide long term decisions. We ensure HR strategy supports a resilient, future-focused organization. |  |
| **Classification and Compensation** | Keep the Town's pay and job structures fair, current, and aligned with workforce needs. We support equity, transparency, and competitiveness through ongoing review and analysis. | |
| **Benefits** | Select, negotiate, and administer all employee, retiree, and COBRA insurance and retirement benefits. These include medical, dental, life, retirement, and health savings plans. | |
| **Employee Relations** | Maintain a fair, respectful, and productive workplace by supporting employees and supervisors in addressing concerns and resolving issues. We promote clear communication, consistent practices, and a positive work culture. | |
| **Employee Training & Development** | Offer programs that engage employees and help them grow by building skills, strengthening competencies, and supporting their professional development. | |

# *HUMAN RESOURCE DEVELOPMENT*

| Program | Description | Strategic Priority |
|---|---|---|
| **Recruitment and Retention** | Attract and identify top talent through fair, consistent, and well-designed hiring processes. We help departments find the right people by using clear standards, streamlined procedures, and practices that support a diverse and highly qualified workforce. |  |
| **Wellness** | Support a healthy, resilient workforce by offering programs and services that promote physical, mental, and emotional wellbeing. We help employees stay healthy, engaged, and prepared to do their best work. | |
| **Risk Management** | Reduce exposure to loss by maintaining strong safety practices, ensuring Town assets are properly insured, and managing claims quickly and effectively. We help departments spot risks early and create a safer, more resilient organization. | |

# *HUMAN RESOURCE DEVELOPMENT*
## Performance Measures

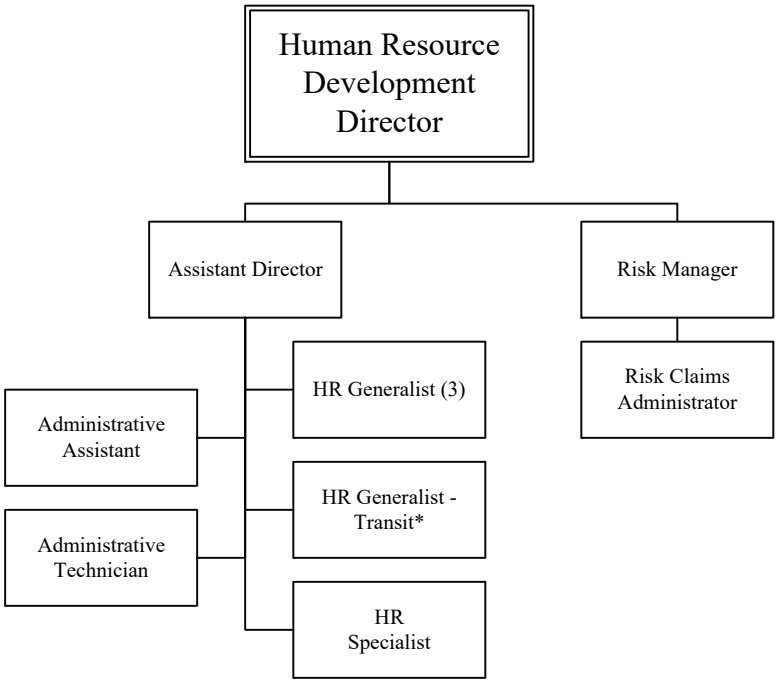



### Strategic Objectives

- Ensure the workforce plan is up to date, competitive, promotes clear mobility, and identifies jobs for the future.
- Provide benefits plans that meet the needs of our employees, retirees, and their dependents, aids in recruitment and retention, and is cost effective and sustainable.
- Treat employees equitably and consistently; resolve issues at the lowest level possible; create a work environment that recognizes and appreciates diversity.
- Support the development of our employees, including succession-planning efforts through professional development, career development, and improved performance management.
- Develop, implement, and maintain selection procedures in accordance with applicable policies and law that identify, attract, and retain qualified applicants for employment while working with the Human Relations Officer to encourage diverse representation at all levels of the workforce.

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Classification and Compensation | Percentage of job descriptions reviewed annually | ~15% | 15% | 100% | 100% |
| Benefits | HRA employee participation rate | 98% | N/A | N/A | N/A |
| Employee Relations | Number of grievances per 100 full-time equivalent (FTE) employees | <1% | .001% | <1% | 0% |
| Employee Training and Development | Number of participants as a percentage of total workforce/supervisors | 75% | 75% | 65% | 75% |
| | Number of employees trained in various areas by Human Resource Development staff | 925 | 840 | 600 | 400 |
| Recruitment Services | Women and minority employment in the workforce compared to minority representation in local available labor pool. | 65% (55.93% Female) | 67% | 72% (39% Female) | 65% |

# HUMAN RESOURCE DEVELOPMENT




*This position is funded by Transit, but is housed in Human Resource Development

# *HUMAN RESOURCE DEVELOPMENT*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Director - Human Resource Development | 1.00 | 1.00 | 1.00 |
| Assistant Director - Human Resource Development | 1.00 | 1.00 | 1.00 |
| Human Resources Specialist | 1.00 | 1.00 | 1.00 |
| Human Resources Generalist | 3.00 | 3.00 | 3.00 |
| Administrative Assistant | 1.00 | 1.00 | 1.00 |
| Administrative Technician | 1.00 | 1.00 | 1.00 |
| Risk Manager[1] | 0.00 | 0.00 | 1.00 |
| Risk Claims Administrator[1] | 0.00 | 0.00 | 1.00 |
| Human Resource Development Totals | 8.00 | 8.00 | 10.00 |

[1] These positions moved from the Manager's Office starting in FY26-27.

# *HUMAN RESOURCE DEVELOPMENT*
# *BUDGET SUMMARY*

*The adopted budget for the Human Resource Development department reflects a 6.2% increase from the 2025-26 budget. Personnel expenses increased by 29.1% due to two Risk Management staff moving in from the Manager's Office, a retirement increase, an increase in insurance costs, and a salary increase. Operating expenses decreased 29.1%, accounting for the dissolution of the Wellness Clinic, but this is somewhat offset by Risk Management operating costs being added to the department's budget, along with added budget for training, professional services, and Town-wide administrative costs.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 968,589 | $ 1,040,043 | $ 1,040,593 | $ 1,002,684 | $ 1,343,066 | 29.1% |
| Operating Costs | 662,661 | 676,885 | 747,478 | 503,049 | 479,728 | -29.1% |
| Total | $ 1,631,250 | $ 1,716,928 | $ 1,788,071 | $ 1,505,733 | $ 1,822,794 | 6.2% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 1,631,250 | $ 1,716,928 | $ 1,788,071 | $ 1,505,733 | $ 1,822,794 | 6.2% |
| Total | $ 1,631,250 | $ 1,716,928 | $ 1,788,071 | $ 1,505,733 | $ 1,822,794 | 6.2% |

# *BUSINESS MANAGEMENT DEPARTMENT*

**MISSION STATEMENT**:
*The mission of the Business Management Department is to safeguard the Town's assets through appropriate financial controls, facilitate Town operations through accurate and timely processing of financial transactions, provide relevant and timely reporting of the Town's financial condition, and provide financial information and analysis to support decision making.*

The Business Management Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Billing & Collections** | Provide administration and/or oversight of all Town billings and collections. |   |
| **Budget** | Administer the Town's operating and capital budgets. | |
| **Payroll & Payables** | Administer the Town's payroll and payables functions. | |
| **Accounting & Financial Reporting** | Maintain the Town's financial accounting system. | |
| **Purchasing & Contracts** | Administer the Town's purchasing and contracting systems.<br>Includes: facilitating bids and other competitive procurement processes; reviewing all contracts, bids, and purchases; and disposal of Town assets for compliance with applicable regulations and Town policies. | |
| **Liquidity Management** | Administer the Town's cash management, investment, banking, and debt management functions. | |
| **Financial Planning & Analysis** | Provide financial analysis, research, and strategic planning for the Town's financial operations, including: review of agenda items; budget planning and analysis; long-term capital and debt planning; and departmental financial planning support. | |
| **Data & Analytics** | Harness the power of data to enhance Town services and improve community outcomes, collaborate with various departments to collect, analyze & interpret data, and provide actionable insights that drive informed decision-making. | |

# *BUSINESS MANAGEMENT DEPARTMENT*
## Performance Measures



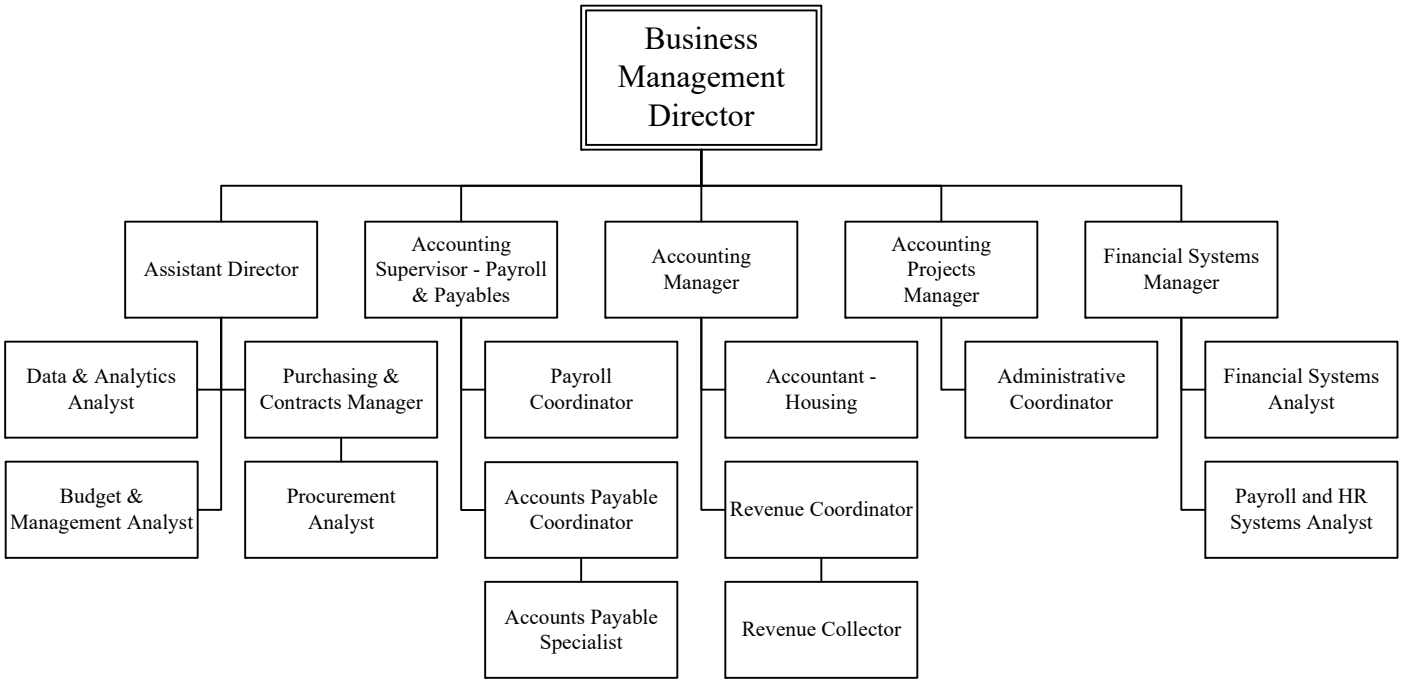

### Strategic Objectives

- Same-day deposits as a percentage of all receipts
- Total budget adjustments as a % of expenditures
- Projected General Fund revenues as a % of actual
- Percent of voided/reissued vendor checks
- Percent of voided/reissued/adjusted payroll checks
- Receipt confirmation from LGC
- Receive annual GFOA Award for Financial Reporting
- Consecutive years receiving GFOA Award for Financial Reporting
- Purchase orders issued, as a percentage of all invoices over $1,000
- Percentage of contracts with funds encumbered prior to execution
- General Fund Debt as a percent of assessed value
- 10-year payout ratio
- Percentage of survey respondents indicating that the Finance Division service "meets" or "exceeds" expectations

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Billing and Collections | Same-day deposits as a percentage of all receipts | 8.19% | 8.16% | 8.01% | 10.00% |
| Budget | Total budget adjustments as a % of expenditures | 10.26% | 7.26% | 16.01% | 7.50% |
| | Projected General Fund revenues as a % of actual | -1.27% | -2.00% | -2.00% | -2.00% |
| Payroll and Payables | Percent of voided/reissued vendor checks | 2% | 2.48% | 2.39% | 2% |
| | Percent of voided/reissued/adjusted payroll checks | 0.19% | 0.195% | .19% | 0.25% |
| Accounting and Financial Reporting | Receipt confirmation from LGC | Yes | Yes | Yes | Yes |
| | Receive annual GFOA Award for Financial Reporting | Yes | Yes | Yes | Yes |
| | Consecutive years receiving GFOA Award for Financial Reporting | 38 | 39 | 40 | 41 |
| Purchasing and Contracts | Purchase orders issued, as a percentage of all invoices over $1,000 | 95% | 97% | 97% | 99% |
| | Percentage of contracts with funds encumbered prior to execution | 99% | 90% | 96% | 99% |
| Liquidity Management | General Fund Debt as a percent of assessed value | 1% | 1% | 0.8% | 1% |
| | 10-year payout ratio | 66.6% | 66.2% | 71.0% | 65% |
| Financial Planning and Support | Percentage of biennial survey respondents indicating that the Finance Division service "meets" or "exceeds" expectations | No Data[1] | 95% | No Data | 95% |

[1]This survey was not performed in FY24.

# BUSINESS MANAGEMENT DEPARTMENT



# *BUSINESS MANAGEMENT DEPARTMENT*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Director - Business Management | 1.00 | 1.00 | 1.00 |
| Assistant Director - Business Management | 1.00 | 1.00 | 1.00 |
| Financial Systems Manager | 1.00 | 1.00 | 1.00 |
| Financial Systems Analyst | 1.00 | 1.00 | 1.00 |
| Payroll and HR Systems Analyst | 0.00 | 1.00 | 1.00 |
| Data & Analytics Analyst | 1.00 | 1.00 | 1.00 |
| Budget & Management Analyst | 1.00 | 1.00 | 1.00 |
| Accounting Manager | 1.00 | 1.00 | 1.00 |
| Accounting Projects Manager | 1.00 | 1.00 | 1.00 |
| Accounting Supervisor - Payroll & Payables | 1.00 | 1.00 | 1.00 |
| Accountant - Housing | 1.00 | 1.00 | 1.00 |
| Purchasing & Contracts Manager | 1.00 | 1.00 | 1.00 |
| Procurement Analyst | 1.00 | 1.00 | 1.00 |
| Payroll Coordinator | 1.00 | 1.00 | 1.00 |
| Payroll Specialist | 1.00 | 1.00 | 0.00 |
| Accounts Payable Coordinator | 1.00 | 1.00 | 1.00 |
| Accounts Payable Specialist | 1.00 | 1.00 | 1.00 |
| Revenue Coordinator | 1.00 | 1.00 | 1.00 |
| Revenue Collector | 1.00 | 1.00 | 1.00 |
| Administrative Coordinator | 0.00 | 0.00 | 1.00 |
| Business Management Department Totals | 18.00 | 19.00 | 19.00 |

# *BUSINESS MANAGEMENT DEPARTMENT*
# *BUDGET SUMMARY*

*The adopted budget for the Business Management department reflects a 3.9% increase from the 2025-26 budget. Personnel expenses increased by 4.8% due to a retirement increase, an increase in insurance costs, and a salary increase. Operating costs increased 1.3% to account for the rising cost of Munis software.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 2,187,781 | $ 2,524,681 | $ 2,524,681 | $ 2,454,755 | $ 2,646,976 | 4.8% |
| Operating Costs | 689,152 | 865,230 | 943,398 | 937,751 | 876,743 | 1.3% |
| Total | $ 2,876,933 | $ 3,389,911 | $ 3,468,079 | $ 3,392,506 | $ 3,523,719 | 3.9% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 2,876,933 | $ 3,389,911 | $ 3,468,079 | $ 3,392,506 | $ 3,523,719 | 3.9% |
| Total | $ 2,876,933 | $ 3,389,911 | $ 3,468,079 | $ 3,392,506 | $ 3,523,719 | 3.9% |

# *TECHNOLOGY SOLUTIONS*

**MISSION STATEMENT**:
*The mission of the Technology Solutions department is to provide technology leadership through innovation, oversight, education, and support to ensure that the Town makes the best possible selection and use of available technology.*

The Technology Solutions Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **User Support** | Provide user Help Desk support for computer hardware, software, network, servers, and telephones. Provide training and assistance needed to effectively use technology. Review construction projects to ensure IT requirements and opportunities are included. Maintain high levels of training for the IT staff. |  |
| **IT Infrastructure and Cyber Security** | Manage all IT infrastructure, including connectivity, hardware, servers, data storage, networks, end user computers, mobile devices, and internet access. Includes cybersecurity, backups, awareness, incident response, and recovery. | |
| **Telecommunications** | Administer and manage all telephone systems, including setup and configuration of VoIP desktop telephones, related network infrastructure, and software support. Administer the Town's cellphone and mobile device services. Manage the Town video meeting systems supporting remote work and remote meetings. | |
| **Enterprise Application Analysis & Support** | Administer and manage Microsoft Office 365, Geographic Information Systems, and other enterprise productivity and communication applications. Manage the server and cloud environments used to operate financial systems, department systems, records management, databases, and other applications located on Town servers and in the cloud. | |

# *TECHNOLOGY SOLUTIONS*

| Program | Description | Strategic Priority |
|---|---|---|
| **IT Planning and Coordination** | Collaborate with all Town departments to identify needs and opportunities and to create enterprise-wide plans, project prioritization, data analytics, and process integration for software. Manage the IT Governance needed to invest in and maintain the infrastructure and software procurement with the limited resources available. Collaborate beyond the Town with state and local governments, UNC, and CCHCS on shared areas of interest. |  |

# *TECHNOLOGY SOLUTIONS*
## Performance Measures

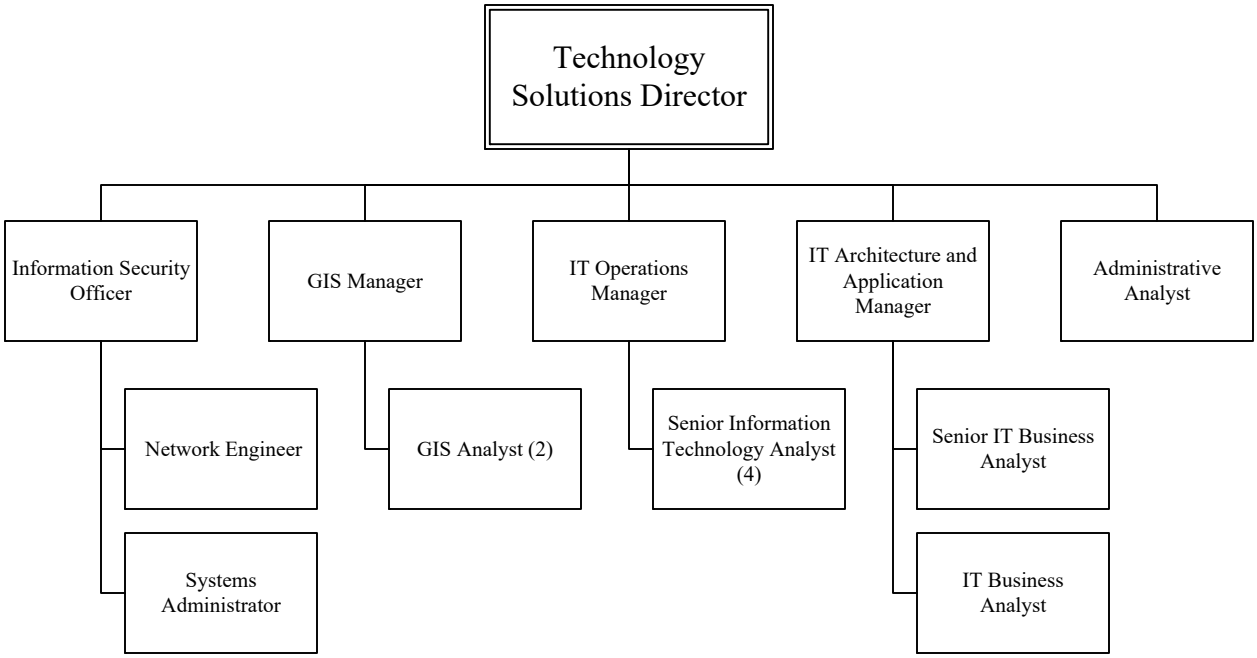



### Strategic Objectives

- Support – Provide exceptional IT response and experience for departments.
- Infrastructure – Ensure network/servers are operating effectively and efficiently.
- Security – Implementing Center for Internet Security (CIS) Framework controls which ensure data has confidentiality, integrity, and availability.
- Application Services – Overseeing IT Governance Model to ensure the effective and efficient use of IT in enabling the town to achieve its goals.
- GIS – Sharing and using GIS data to better plan for growth, inventory, and maintain public infrastructure, improve coordination with neighboring jurisdictions, and provide better and more efficient public services.

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| User Support | Percent of work ticket surveys with Exceptional/Good Experience | 100% | 100% | 100% | 100% |

# TECHNOLOGY SOLUTIONS



# *TECHNOLOGY SOLUTIONS*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Director - Technology Solutions | 1.00 | 1.00 | 1.00 |
| Systems Administrator | 1.00 | 1.00 | 1.00 |
| Network Engineer | 1.00 | 1.00 | 1.00 |
| IT Operations Manager | 1.00 | 1.00 | 1.00 |
| Senior IT Business Analyst | 1.00 | 1.00 | 1.00 |
| IT Business Analyst | 1.00 | 1.00 | 1.00 |
| Senior Information Technology Analyst | 4.00 | 4.00 | 4.00 |
| IT Architecture and Application Manager | 1.00 | 1.00 | 1.00 |
| Administrative Analyst | 1.00 | 1.00 | 1.00 |
| Information Security Officer | 1.00 | 1.00 | 1.00 |
| GIS Analyst | 2.00 | 2.00 | 2.00 |
| GIS Manager | 1.00 | 1.00 | 1.00 |
| Technology Solutions Department Totals | 16.00 | 16.00 | 16.00 |

# *TECHNOLOGY SOLUTIONS*
# *BUDGET SUMMARY*

*The adopted budget for the Technology Solutions department reflects a 10.8% increase from the 2025-26 budget. Personnel expenses increased by 5.3% due to a retirement increase, an increase in insurance costs, and a salary increase. Operating expenses increased by 33.5% due to rising costs for existing IT infrastructure, security, and software, as well as added budget for security-related technology and Microsoft licenses. Capital outlay remains flat.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 2,081,545 | $ 2,284,397 | $ 2,286,897 | $ 2,302,502 | $ 2,405,405 | 5.3% |
| Operating Costs | 702,290 | 582,088 | 715,893 | 631,814 | 777,329 | 33.5% |
| Capital Outlay | - | 55,000 | 11,700 | 55,000 | 55,000 | 0.0% |
| Total | $ 2,783,835 | $ 2,921,485 | $ 3,014,490 | $ 2,989,316 | $ 3,237,734 | 10.8% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 2,783,835 | $ 2,921,485 | $ 3,014,490 | $ 2,989,316 | $ 3,237,734 | 10.8% |
| Total | $ 2,783,835 | $ 2,921,485 | $ 3,014,490 | $ 2,989,316 | $ 3,237,734 | 10.8% |

# *TOWN ATTORNEY*

**MISSION STATEMENT**:
*The primary mission of the Office of the Town Attorney is to protect the legal interests of the Town of Chapel Hill municipal corporation.*

The Town Attorney serves as general counsel to the Town and advises the Mayor and Town Council, Town administration, Town departments, and Town boards and commissions. Duties of the Town Attorney include:

- Preparing for and attending Council meetings.
- Conferring with the Mayor, Council, and individual Council members.
- Providing general legal services to Town administration and Town departments.
- Providing guidance in matters going before Town Council.
- Providing guidance related to special projects.
- Advising Town Boards and Commissions and attending certain meetings as necessary.
- Defending Town interests in lawsuits and threatened litigation.
- Coordinating work of retained law firms representing the Town in litigation, bond financing, special projects, and other matters where outside counsel is needed.
- Providing guidance in real property acquisition and property interests.
- Advising staff in reviewing development projects, drafting ordinances, enforcing Town codes, and in addressing other matters such as zoning, housing initiatives, construction projects, and annexation.
- Supervising and collaborating with the Assistant Town Attorney and Paralegal.

# *TOWN ATTORNEY*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Town Attorney | 1.00 | 1.00 | 1.00 |
| Assistant Town Attorney | 1.00 | 1.00 | 1.00 |
| Paralegal | 1.00 | 1.00 | 1.00 |
| Town Attorney Totals | 3.00 | 3.00 | 3.00 |

# *TOWN ATTORNEY*
# *BUDGET SUMMARY*

*The adopted budget for the Attorney's Office reflects a 0.2% increase from the 2025-26 budget. Personnel expenses remained flat, reflecting turnover offset by increases to retirement and insurance, as well as a salary increase. Operating expenses increased 4.4% due to increased budget for rising subscription costs.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 646,732 | $ 678,409 | $ 678,409 | $ 629,682 | $ 678,127 | 0.0% |
| Operating Costs | 12,767 | 33,227 | 33,227 | 29,665 | 34,685 | 4.4% |
| Total | $ 659,499 | $ 711,636 | $ 711,636 | $ 659,347 | $ 712,812 | 0.2% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 659,499 | $ 711,636 | $ 711,636 | $ 659,347 | $ 712,812 | 0.2% |
| Total | $ 659,499 | $ 711,636 | $ 711,636 | $ 659,347 | $ 712,812 | 0.2% |

# *NON-DEPARTMENTAL DIVISION*
# *BUDGET SUMMARY*

*The Non-Departmental Division is used to account for activities in the General Fund that are not allocated to other departmental functions. These activities include contributions to other agencies, transfers to other funds, and liability insurance.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Retiree Medical Insurance | $ 1,847,290 | $ 1,852,000 | $ 1,852,000 | $ 1,957,084 | $ 2,000,000 | 8.0% |
| Other Personnel Costs | 5,824 | 215,151 | 215,151 | (27,498) | 10,000 | -95.4% |
| Liability Insurance | 666,810 | 650,000 | 650,000 | 688,937 | 750,000 | 15.4% |
| Transfer to Affordable Housing | 722,003 | 722,003 | 722,003 | 722,003 | 722,003 | 0.0% |
| Operations | 850,065 | 970,884 | 963,195 | 587,375 | 955,688 | -1.6% |
| Supplemental PEG Fees | 134,311 | 175,000 | 175,000 | 150,000 | 150,000 | -14.3% |
| Transfer to Other Funds | 7,771 | 221,948 | 221,948 | 221,948 | 221,948 | 0.0% |
| Transfer to Downtown Service District Fund | 100,000 | 100,000 | 460,000 | 460,000 | - | -100.0% |
| Transfer to Capital Improvement Fund | 2,586,623 | 2,737,403 | 3,777,418 | 3,777,418 | 2,987,403 | 9.1% |
| Transfer to Debt Fund | 445,100 | 445,100 | 445,100 | 445,100 | 445,100 | 0.0% |
| OPEB Liability Contributions | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 0.0% |
| Transfer to Climate Action Fund | 804,259 | 804,259 | 804,259 | 804,259 | 804,259 | 0.0% |
| Transfer to Parking Fund | - | - | 1,072,500 | 1,072,500 | - | N/A |
| Grant Matching Funds | 85,021 | 83,703 | 83,298 | 83,703 | 27,450 | -67.2% |
| Agency Contributions | 2,363,811 | 2,019,975 | 2,160,084 | 2,081,084 | 1,846,189 | -8.6% |
| Grants & Deferred Loans | - | - | - | - | 73,500 | N/A |
| Total | $ 10,868,888 | $ 11,247,426 | $ 13,851,956 | $ 13,273,913 | $ 11,243,540 | 0.0% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 10,868,888 | $ 11,247,426 | $ 13,851,956 | $ 13,273,913 | $ 11,243,540 | 0.0% |
| Total | $ 10,868,888 | $ 11,247,426 | $ 13,851,956 | $ 13,273,913 | $ 11,243,540 | 0.0% |

## *ENVIRONMENT & DEVELOPMENT*
## *BUDGET SUMMARY*

*This section includes the Planning, Public Works, Housing & Community Development, and Building & Development Services departments.*

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### EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Planning | $ 1,912,087 | $ 2,323,849 | $ 2,946,526 | $ 2,435,931 | $ 2,410,126 | 3.7% |
| Housing & Community Development | 1,123,464 | 1,291,081 | 1,172,441 | 994,046 | 1,051,323 | -18.6% |
| Public Works | 14,285,315 | 16,236,025 | 17,466,471 | 17,036,434 | 17,087,433 | 5.2% |
| Building & Development Services | 2,619,415 | 3,076,466 | 3,067,043 | 2,890,188 | 3,304,359 | 7.4% |
| Total | $ 19,940,281 | $ 22,927,421 | $ 24,652,481 | $ 23,356,599 | $ 23,853,241 | 4.0% |

### REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 15,179,048 | $ 19,117,918 | $ 20,842,978 | $ 19,442,604 | $ 20,191,682 | 5.6% |
| State-Shared Revenues | 48,721 | 46,500 | 46,500 | 48,500 | 48,500 | 4.3% |
| Grants | 10,340 | - | - | - | - | N/A |
| Charges for Services | 1,981,202 | 1,448,273 | 1,448,273 | 1,242,323 | 1,091,959 | -24.6% |
| Licenses/Permits/Fines | 2,439,791 | 2,283,730 | 2,283,730 | 2,404,438 | 2,477,100 | 8.5% |
| Other Revenues | 281,179 | 31,000 | 31,000 | 218,734 | 44,000 | 41.9% |
| Total | $ 19,940,281 | $ 22,927,421 | $ 24,652,481 | $ 23,356,599 | $ 23,853,241 | 4.0% |

# *PLANNING*

**MISSION STATEMENT**:
*The Chapel Hill Planning Department is charged with providing collaborative leadership to create and implement policies, plans, and programs that reflect Chapel Hill values as an equitable, livable, and sustainable town today and in the future. We help Chapel Hill guide equitable growth through developing various visionary documents, including the Comprehensive Plan, evaluating land development, moving people around town, and serving as the steward of our historic resources.*

The Planning Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Long-Range Planning** | Engage with regional and local stakeholders around land use planning and growth management issues; create planning documents that reflect community values guided by the Complete Community strategies. Translate values and planning best practices into land use management policy for the Town while monitoring and evaluating development trends. |  |
| **Current Development** | Implement land use management provisions in accordance with policies established in the comprehensive plan. Review land use applications and oversee the development review process. |  |
| **Mobility & Greenways** | Oversee long range transportation plans and manage projects related to pedestrians, bicycles, and road traffic. The Office of Mobility and Greenways implements Vision Zero, Safe Routes to School, and multiuse path construction projects. |  |
| **Stormwater Plan Review & Inspections** | Ensure regulatory compliance by meeting federal, state, and local stormwater management requirements and annual reporting obligations for the Town's Phase II National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) permit. |  |

| Program | Description | Strategic Priority |
|---|---|---|
| **Historic Preservation** | Uphold the Town's Certified Local Government (CLG) status through the North Carolina Historic Preservation Office (HPO); identify, evaluate, and document historic sites within the Town's three local historic districts for inclusion on the National Register of Historic Places (NRHP); provide guidance on best historic preservation practices, promote historic preservation and appreciation in the community. |  |
| **Design and Urban Forestry** | Preserve and enhance the Town tree canopy coverage through considering the ordinance, working with designers to reduce the construction impacts on critical root zones, monitoring invasive species, and relaying design and plant material options to promote native species or drought tolerant plant selections. |  |
| **Land Use Management Ordinance (LUMO)** | Align updated LUMO with the Town's values and vision by facilitating dialogue in the community. |  |

# *PLANNING*
## Performance Measures

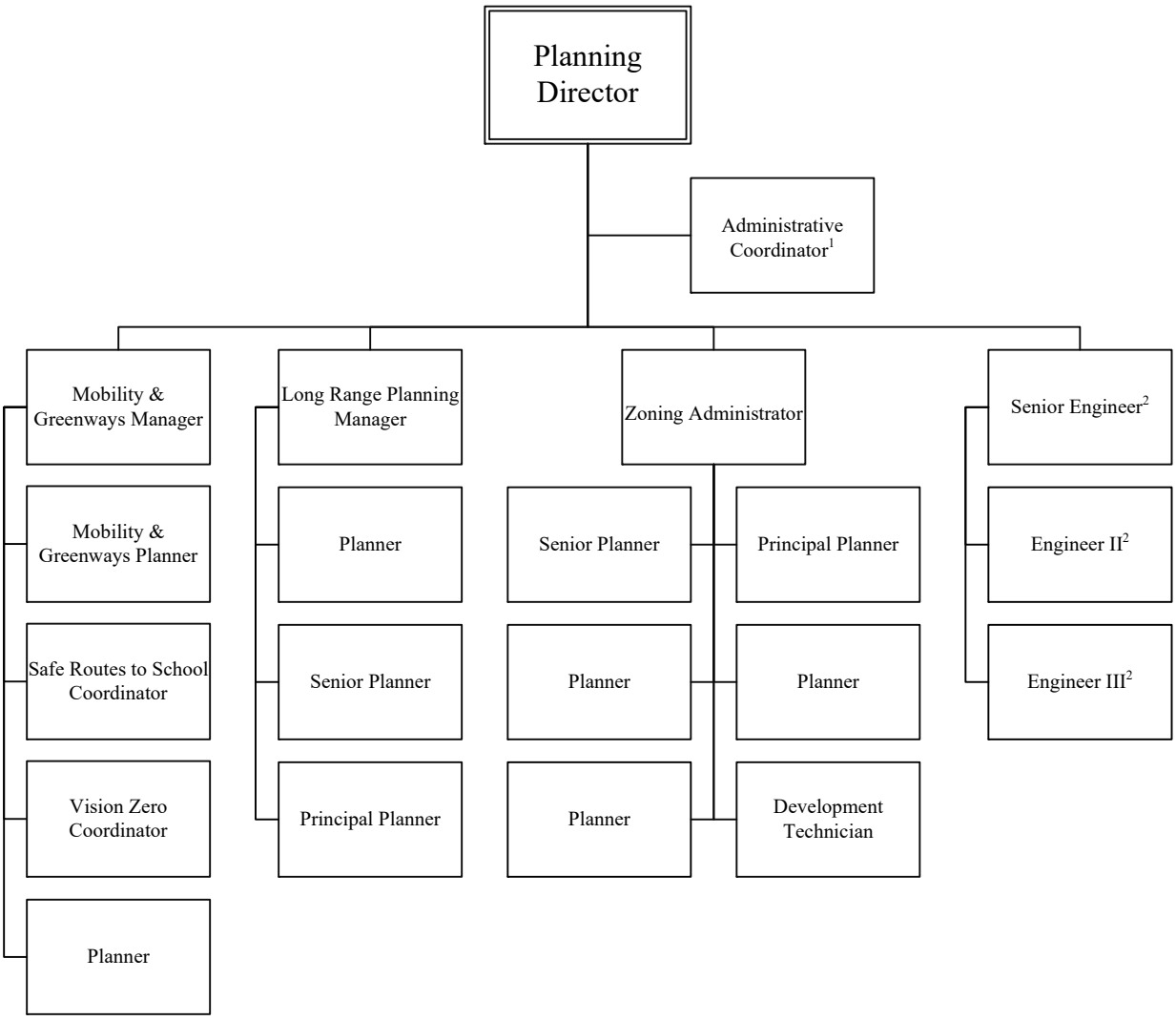



### Strategic Objectives

- Provide high quality customer service with substantial opportunities for public input
- Provide high quality customer service with improved permit approval times
- Track special project progress within a fiscal year (for projects managed by Planning Department)
- Create a system of policies and tools that provide clear guidance to residents, developers, staff, and council on future land use and can be used for review of development applications
- Make progress on implementation of Mobility and Connectivity Plan and Everywhere to Everywhere Greenways recommendations

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Current Development | Number of Public Information Meetings held on current development projects. | 7 | 13 | 3 | 8 |
| | Number of Advisory Board Meetings held | 47 | 45 | 34 | 40 |
| Planning | Progress made across all special projects managed by Planning Department as a percentage of the work targeted | 95% | 65% | 90% | 85% |
| Long-Range Planning | Number of Community Planning Meetings held | 28 | 11 | 5 | 15 |
| | Completion of staff evaluation memos for all rezoning cases | 100% | 100% | 100% | 100% |
| Transportation Planning | Number of Mobility and Connectivity Plan and Everywhere to Everywhere Greenways projects/recommendations advanced | 14 | 16 | 13 | 14 |

# PLANNING




[1] This position is split with Housing & Community Development.
[2] These positions are shared with Stormwater.

# *PLANNING*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Director - Planning | 1.00 | 1.00 | 1.00 |
| Long Range Planning Manager | 1.00 | 1.00 | 1.00 |
| Mobility & Greenways Manager[1] | 1.00 | 1.00 | 1.00 |
| Zoning Administrator | 1.00 | 1.00 | 1.00 |
| Planner/Senior Planner/Principal Planner[2] | 8.00 | 8.00 | 9.00 |
| Administrative Coordinator[3] | 0.80 | 0.80 | 0.80 |
| Development Technician | 2.00 | 2.00 | 1.00 |
| Mobility & Greenways Planner | 1.00 | 1.00 | 1.00 |
| Senior Engineer[4] | 0.50 | 0.50 | 0.50 |
| Vison Zero Coordinator[5] | 1.00 | 1.00 | 1.00 |
| Safe Routes to School Coordinator[5] | 1.00 | 1.00 | 1.00 |
| Planning Department Totals | 18.30 | 18.30 | 18.30 |

[1] This position is budgeted 100% from grant funding in FY26-27.

[2] One Planner position is partially grant-funded in FY26-27.

[3] This position is partially grant-funded and also split in part with Housing & Community Development.

[4] This position is split with Stormwater.

[5] These positions are 100% grant-funded and formerly were not counted in the Staffing Summary. They have been added to more accurately capture the staff count of the department.

# *PLANNING*
# *BUDGET SUMMARY*

*The adopted budget for the Planning Department reflects a 3.7% increase from the 2025-26 budget. The 1.5% increase in personnel expenses is due to retirement, insurance, and salary increases, mostly offset by turnover. Operating expenses increased 13.1% due to increased Transportation Planning Organization dues and added funding for long-range planning.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 1,685,073 | $ 1,885,204 | $ 1,885,609 | $ 1,667,627 | $ 1,914,022 | 1.5% |
| Operating Costs | 227,014 | 438,645 | 1,060,917 | 768,304 | 496,104 | 13.1% |
| Total | $ 1,912,087 | $ 2,323,849 | $ 2,946,526 | $ 2,435,931 | $ 2,410,126 | 3.7% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 786,238 | $ 1,706,136 | $ 2,328,813 | $ 1,977,320 | $ 2,118,297 | 24.2% |
| Charges for Services | 1,079,205 | 601,273 | 601,273 | 441,823 | 269,459 | -55.2% |
| Licenses/Permits/Fines | 29,626 | 10,440 | 10,440 | 10,788 | 17,370 | 66.4% |
| Other Revenues | 17,018 | 6,000 | 6,000 | 6,000 | 5,000 | -16.7% |
| Total | $ 1,912,087 | $ 2,323,849 | $ 2,946,526 | $ 2,435,931 | $ 2,410,126 | 3.7% |

# *PUBLIC WORKS*

**MISSION STATEMENT**:
*The Public Works team strives to provide excellent customer service, emphasizing public safety and environmental stewardship by preserving, maintaining, and enhancing the Town's infrastructure and natural resources.*

The Public Works Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Traffic Signals** | Implement timing plans; oversee traffic monitoring; perform emergency repairs, preventive maintenance, and small improvements; and manage traffic signal maintenance and repair contracts in Chapel Hill and Carrboro. |  |
| **Traffic Signs/Markings/Calming** | Collaborate with the Office of Mobility and Greenways and Bike and Pedestrian Team in support of the Town's Vision Zero. Support the review of traffic impact studies and the traffic calming program. Install and maintain all traffic control signs and pavement markings along approximately 760 town-maintained streets totaling approximately 167 center line miles. Issue traffic work zone permits and monitor for compliance. | |
| **Street Lighting** | Ensure new development compliance with established standards; respond to improvement requests; routinely inspect major roadways and the central business district for malfunctions; and manage service agreements. | |
| **Special Event Services** | Plan and assist Public Safety and Emergency Management with event operations in opening and closing streets and clean-up. Plan for and assist with the installation of seasonal banners, flags, and holiday decorations. | |

# *PUBLIC WORKS*

| Program | Description | Strategic Priority |
|---|---|---|
| **Inclement Weather** | Manage large scale inclement weather events including oversight of disaster contracts. Provide planning, response, and recovery to inclement weather events (high water, wind damage and ice/snow), including continuous service as required. |  |
| **Miscellaneous Construction** | Perform small to medium construction projects including (ADA) sidewalk and curb/gutter repairs and improvements; installation and maintenance of streetscape amenities (benches, bike racks, trash receptacles, etc.); and occasional projects such as the installation of a bus shelter and small parking lot improvements. |  |
| **Streets and Parking Lots** | Oversee the evaluation of all town-maintained streets, parking lots, bike paths, and trails. Perform street maintenance and resurfacing along various sections of the Town's ~760 streets totaling ~167 center lane miles. | |
| **Facilities Management & Maintenance** | Manage facility condition assessments, maintenance, and improvement master planning for approximately 50 publicly owned buildings. Perform in-house maintenance and repair, oversight of service contracts, and management of small to medium-sized construction improvement projects. |  |

| Program | Description | Strategic Priority |
|---|---|---|
| **Solid Waste Collection & Management** | Submit the Town of Chapel Hill's Solid Waste and Materials Management Report to the State. Support the Solid Waste Advisory Group's implementation of Orange County's Zero Waste Initiative. Provide weekly collection of household solid waste, containerized yard trimmings including bagged leaves during loose leaf collection season (November – January), from approximately 12,300 residential properties. Collect waste from approximately 200 street and bus shelter trash receptacles per week. |   |
| **Special Collections** | Provide fee-based, scheduled in-house collection of bulky items, including appliances, electronics, and furniture. Provide fee-based collection of loose residential brush. Collect and dispose of dead animals within the right-of-way. | |
| **Commercial Solid Waste Collection** | Collect solid waste placed in dumpsters for a fee established annually by Town Council. Oversee service contracts for collection, maintenance, and cleaning of the two town-owned downtown compactors. | |

| Program | Description | Strategic Priority |
|---|---|---|
| **Civil Engineering Services** | Provide engineering services, including capital project management, surveying, design, private developer review, and infrastructure inspection. Review developer-submitted plans for private development projects for compliance with requirements and standards for infrastructure and environmental protection.<br>Provide field inspection of various infrastructure improvements to ensure quality of infrastructure and compliance with Town Standards.<br>Monitor surety bonds to ensure proper infrastructure is completed by developers.<br>Provide surveying services related to public rights-of-way, easements, and other public properties. Gather survey data required for development of in-house computer-aided drafting and design (CADD). Provide design services for in-house small to medium-sized projects. |  |

# *PUBLIC WORKS*
## Performance Measures







Strategic Objectives

- Address 95% of traffic signal system problems per the North Carolina Department of Transportation (NCDOT) and Federal Highway Administration (FHWA) Standards
- Perform preventive maintenance on 95% of traffic signals twice per year
- Respond to 100% of emergency maintenance on regulatory traffic control signs per the Institute of Transportation Engineers (ITE) standards within two hours
- Review, approve, and issue permits within five business days for all traffic control plans for lanes and street closures
- Achieve an average pavement condition rating of 81 or better for 80% of town-maintained street system
- Achieve a resurfacing cycle of once every 15 years by resurfacing at least 7% of town-maintained streets annually
- Review and respond to 100% of Survey Plat review request applications within five working days of receipt of a properly certified survey plat.
- Complete 100% of development plan reviews by assigned deadlines (roadway and sidewalks in the public right of way)
- Collect 530 tons of residential refuse per collection FTE
- Recover 45% of commercial collection costs via commercial collection fees
- Maintain quality of residential trash/yard waste collection services customer satisfaction level
- Pre-treat all priority Town roadways and facilities prior to each anticipated significant winter inclement weather event
- Complete initial snow removal from 80% of priority streets within 48 hours after the end of each snowstorm event
- Ensure at least 45% of facility work orders are preventive maintenance work
- Complete 85% of customer facility repair requests within 2 business days of receipt
- Dispatch personnel to 100% of facility emergency work orders within 1 hour

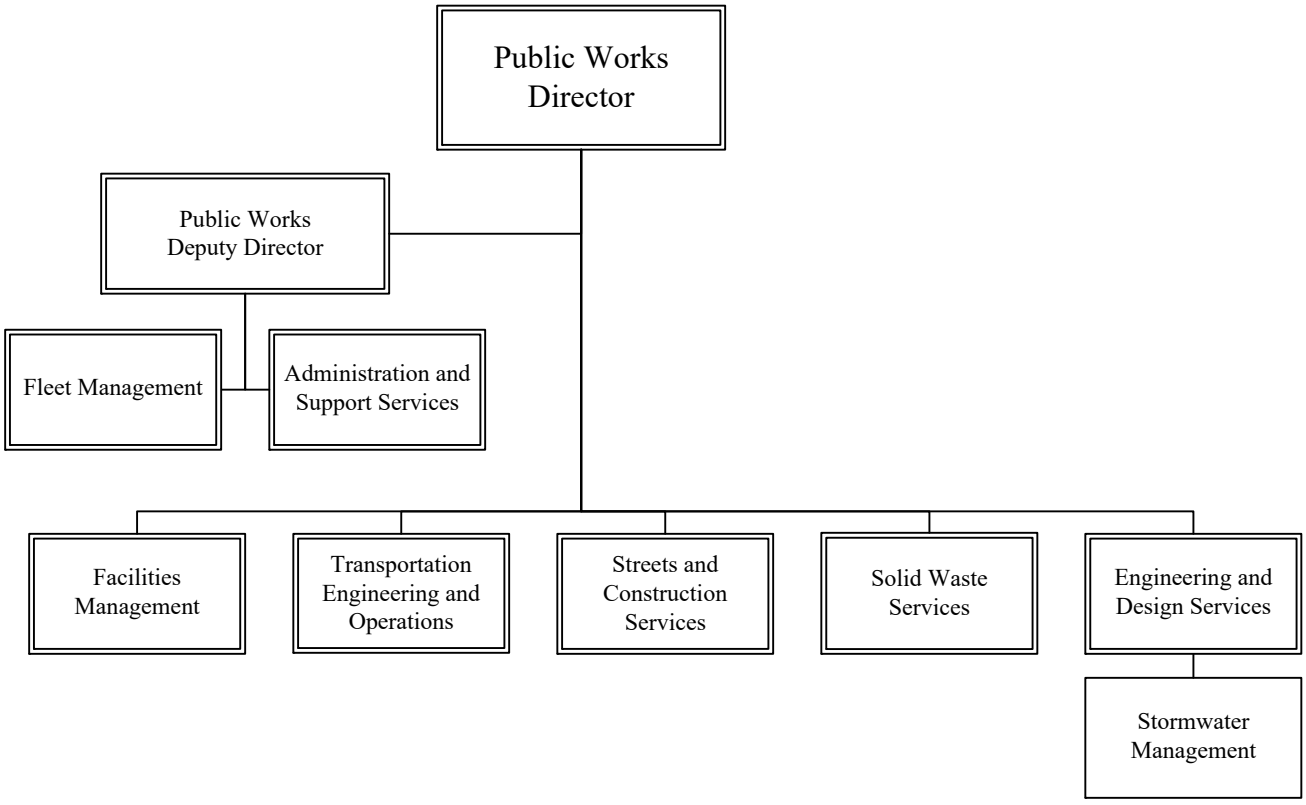
| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Traffic Signals | Percent of emergency traffic signal problems responded to within 2 hours. | 100% | 100% | 100% | 95% |
| | Percent of signal preventive maintenance completed as planned | Est. 66%[1] | 83% | 98% | 95% |
| Traffic Signs / Markings / Calming | Percent of critical regulatory sign needs (missing or damaged stop signs, yield signs, one-way signs, do not enter signs) responded to within two hours | Est. 100% | 100% | 100% | 100% |
| | Percent of permits issued within five business days for traffic control plans for lanes and street closures | 100% | 100% | 99% | 100% |

[1] Inconsistent data January 2024-March 2024. Estimate reflects both preventative maintenance and repairs.

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Streets and Parking Lots | Percent of town-maintained street system rated 81 or better (square yards)[2] | N/A | 59% | N/A | 80% |
| | Percent of town-maintained streets (square yards) resurfaced annually | 1.3% | 0%[3] | 6.2% | 7% |
| Civil Engineering | Percent of properly certified and submitted Survey Plats reviewed and responded to within five (5) working days of receipt | 100% | 100% | 100% | 100% |
| | Percent of development plan reviews completed by assigned deadline | 85% | 95% | 90% | 100% |
| Solid Waste Collection | Tons of Residential Refuse Collected per Collection FTE | 521 | 524 | 520 | 530 |
| | Percent of commercial collection costs recovered via fees | 29% | 31% | TBD[4] | 45% |
| | Percent of community "satisfied" or "very satisfied" with quality of trash/yard waste collection services | 92% | 92% | TBD[5] | 90%[6] |
| Inclement Weather | Percent of priority Town roadways pre-treated prior to each anticipated significant inclement weather event | N/A[8] | 100% | 100% | 100% |
| | Percent of priority streets where initial snow removal is completed within 48 hours | N/A[8] | 100% | 100% | 80% |
| Facilities Management | Preventive maintenance work orders as a percent of total annual work orders | N/A[7] | 68% | 66% | 45% |
| | Percent of customer repair requests completed within 2 business days of receipt | N/A[7] | 73% | 67% | 85% |
| | Percent of emergency work orders that personnel respond to within 1 hour | 88% | 97% | 100% | 100% |

[2] The Pavement Condition Study is completed every two years, with the most recent study completed in FY25.
[3] FY25 Resurfacing using allocated General Funds and Bond Funds occurred in FY26.
[4] Data will not be available until late August.
[5] 2026 Survey results have not been published yet.
[6] Target increased from 88% to 90% in FY25.
[7] Facilities Management transitioned to a new work order management software and is reviewing the best way to track this measure going forward.

# PUBLIC WORKS OVERVIEW



# *PUBLIC WORKS*
## *STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Administration** | | | |
| Director - Public Works | 1.00 | 1.00 | 1.00 |
| Deputy Director - Public Works | 1.00 | 1.00 | 1.00 |
| Division Manager | 1.00 | 1.00 | 1.00 |
| Management Analyst | 1.00 | 1.00 | 1.00 |
| Administrative Analyst | 1.00 | 1.00 | 1.00 |
| Occupational Health and Safety Officer | 1.00 | 1.00 | 1.00 |
| Administrative Coordinator | 1.00 | 1.00 | 1.00 |
| Administrative Assistant | 2.00 | 2.00 | 2.00 |
| Division Totals | 9.00 | 9.00 | 9.00 |
| **Engineering and Design Services** | | | |
| **Engineering and Infrastructure** | | | |
| Town Engineer | 1.00 | 1.00 | 1.00 |
| Engineering Coordinator | 1.00 | 1.00 | 1.00 |
| Professional Land Surveyor[1] | 0.75 | 0.75 | 0.75 |
| Engineering Inspector | 1.00 | 1.00 | 1.00 |
| Senior Engineering Inspector[1] | 0.70 | 0.70 | 0.70 |
| Engineering Technician | 1.00 | 1.00 | 1.00 |
| Capital Project Manager | 1.00 | 1.00 | 1.00 |
| Engineer III[1] | 0.50 | 0.50 | 0.50 |
| Unit Totals | 6.95 | 6.95 | 6.95 |
| **Transportation Engineering and Operations** | | | |
| Transportation Engineering Manager | 1.00 | 1.00 | 1.00 |
| Assistant Transportation Engineer | 1.00 | 1.00 | 1.00 |
| Engineering Technician | 1.00 | 1.00 | 1.00 |
| Traffic Signal Systems Analyst | 1.00 | 1.00 | 1.00 |
| Traffic Signal Supervisor | 1.00 | 1.00 | 1.00 |
| Traffic Signal Technician (Levels I-III) | 3.00 | 3.00 | 3.00 |
| Lead Sign & Marking Technician | 1.00 | 1.00 | 1.00 |
| Sign and Marking Technician (Levels I-II) | 2.00 | 2.00 | 2.00 |
| Traffic Operations Coordinator | 0.00 | 1.00 | 1.00 |
| Unit Totals | 11.00 | 12.00 | 12.00 |
| Division Totals | 17.95 | 18.95 | 18.95 |

*continued*

# *PUBLIC WORKS*
## *STAFFING COMPARISONS - IN FULL TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Streets and Construction Services** | | | |
| **Construction** | | | |
| Supervisor - Construction Crew | 1.00 | 1.00 | 1.00 |
| Construction Worker (Levels I - IV) | 4.00 | 4.00 | 4.00 |
| Heavy Equipment Operator | 1.00 | 1.00 | 1.00 |
| Unit Totals | 6.00 | 6.00 | 6.00 |
| **Streets** | | | |
| Streets & Construction Superintendent | 1.00 | 1.00 | 1.00 |
| Streets Supervisor | 1.00 | 1.00 | 1.00 |
| Street Inspector | 1.00 | 1.00 | 1.00 |
| Streets Crew Supervisor | 1.00 | 1.00 | 1.00 |
| Construction Worker (Levels I-III) | 8.00 | 8.00 | 8.00 |
| Heavy Equipment Operator | 1.00 | 1.00 | 1.00 |
| Lead Construction Worker | 1.00 | 1.00 | 1.00 |
| Unit Totals | 14.00 | 14.00 | 14.00 |
| Division Totals | 20.00 | 20.00 | 20.00 |
| **Facilities Management** | | | |
| Facilities Manager | 1.00 | 1.00 | 1.00 |
| Facilities Supervisor | 1.00 | 1.00 | 1.00 |
| Senior Project Manager | 1.00 | 1.00 | 1.00 |
| Building Maintenance Mechanic (Levels I-III) | 6.00 | 6.00 | 6.00 |
| Facilities Systems Technician | 1.00 | 1.00 | 1.00 |
| Fleet Systems Technician[2] | 0.25 | 0.25 | 0.25 |
| Division Totals | 10.25 | 10.25 | 10.25 |
| **Solid Waste** | | | |
| Solid Waste Services Manager | 1.00 | 1.00 | 1.00 |
| Solid Waste Operations Coordinator | 1.00 | 1.00 | 1.00 |
| Solid Waste Crew Supervisor | 2.00 | 2.00 | 2.00 |
| Solid Waste Operator (Levels I-III) | 17.00 | 17.00 | 17.00 |
| Solid Waste Collector | 13.00 | 13.00 | 13.00 |
| Division Totals | 34.00 | 34.00 | 34.00 |
| Public Works Department Totals | 91.20 | 92.20 | 92.20 |

[1] The Stormwater Fund assumes a portion of the salaries for the Professional Land Surveyor, Sr. Engineering Inspector, and Engineer III.

[2] This position is split between the Facilities Management division and the Fleet Management Fund.

Note: Fleet Management employees are supervised by Public Works, but included within the Fleet Management Fund Staffing Summary.

# *PUBLIC WORKS*
# *BUDGET SUMMARY*

*The adopted budget for the Public Works Department reflects a 5.2% increase from the 2025-26 budget. Personnel expenses in the adopted budget reflect a retirement increase, an increase in insurance costs, and a salary increase. Operating budgets reflect added funding for street resurfacing, various increased costs of doing business, higher street lighting electricity costs, and vehicle replacement.*

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Administration | $ 1,328,577 | $ 1,550,760 | $ 1,560,269 | $ 1,529,261 | $ 1,528,056 | -1.5% |
| Engineering | 777,989 | 972,292 | 993,346 | 909,596 | 1,004,955 | 3.4% |
| Transportation Engineering | 2,270,365 | 2,524,876 | 2,472,950 | 2,191,417 | 2,543,771 | 0.7% |
| Construction | 512,695 | 807,659 | 900,105 | 897,928 | 809,246 | 0.2% |
| Streets | 2,180,175 | 3,055,419 | 4,138,033 | 4,110,593 | 3,599,289 | 17.8% |
| Facilities Management | 2,354,782 | 2,274,845 | 2,307,470 | 2,283,680 | 2,314,348 | 1.7% |
| Solid Waste | 4,860,732 | 5,050,174 | 5,094,298 | 5,113,959 | 5,287,768 | 4.7% |
| Total | $ 14,285,315 | $ 16,236,025 | $ 17,466,471 | $ 17,036,434 | $ 17,087,433 | 5.2% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 12,906,056 | $ 15,163,825 | $ 16,394,271 | $ 15,802,550 | $ 16,036,133 | 5.8% |
| State Shared | 48,721 | 46,500 | 46,500 | 48,500 | 48,500 | 4.3% |
| Charges for Services | 901,997 | 847,000 | 847,000 | 800,500 | 822,500 | -2.9% |
| Licenses/Permits/Fines | 164,380 | 153,700 | 153,700 | 172,150 | 141,300 | -8.1% |
| Other Revenues | 264,161 | 25,000 | 25,000 | 212,734 | 39,000 | 56.0% |
| Total | $ 14,285,315 | $ 16,236,025 | $ 17,466,471 | $ 17,036,434 | $ 17,087,433 | 5.2% |

# *PUBLIC WORKS - Administration*
# *BUDGET SUMMARY*

*The adopted budget for the Administration division of the Public Works Department reflects a 1.5% decrease from the 2025-26 budget. Personnel expenses increased by 5.3% due to increases to retirement and insurance costs and a salary increase. Operating expenses decreased 34.4% due to no vehicle replacement budget compared to last year as well as reduced budget for software.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 1,149,358 | $ 1,285,720 | $ 1,281,470 | $ 1,283,411 | $ 1,354,244 | 5.3% |
| Operating Costs | 179,219 | 265,040 | 278,799 | 245,850 | 173,812 | -34.4% |
| Total | $ 1,328,577 | $ 1,550,760 | $ 1,560,269 | $ 1,529,261 | $ 1,528,056 | -1.5% |

# *PUBLIC WORKS - Engineering*
# *BUDGET SUMMARY*

*The adopted budget for the Engineering division of the Public Works Department reflects a 3.4% increase from the 2025-26 budget. Personnel costs have increased 8.7% due to a retirement increase, an increase in insurance costs, a salary increase, and turnover. Operating expenses went down 55.2% due to no vehicle replacement budget compared to last year.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 749,488 | $ 891,242 | $ 845,492 | $ 830,918 | $ 968,620 | 8.7% |
| Operating Costs | 28,501 | 81,050 | 88,190 | 78,678 | 36,335 | -55.2% |
| Capital Outlay | - | - | 59,664 | - | | N/A |
| Total | $ 777,989 | $ 972,292 | $ 993,346 | $ 909,596 | $ 1,004,955 | 3.4% |

# *PUBLIC WORKS - Transportation Engineering*
# *BUDGET SUMMARY*

*The adopted budget for the Transportation Engineering division of the Public Works Department reflects a 0.7% increase from the 2025-26 budget. Personnel expenses decreased by 1.6% due to turnover within the division. Operating expenses increased by 3.6% due to higher street lighting electricity costs.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 1,153,140 | $ 1,378,111 | $ 1,306,039 | $ 1,132,965 | $ 1,355,789 | -1.6% |
| Operating Costs | 1,117,225 | 1,146,765 | 1,166,911 | 1,058,452 | 1,187,982 | 3.6% |
| Total | $ 2,270,365 | $ 2,524,876 | $ 2,472,950 | $ 2,191,417 | $ 2,543,771 | 0.7% |

# *PUBLIC WORKS - Construction*
# *BUDGET SUMMARY*

*The adopted budget for the Construction division of the Public Works Department reflects a 0.2% increase from the 2025-26 budget. Personnel expenses increased by 9.2% due to a retirement increase, an increase in insurance costs, a salary increase, and impacts from the Pay & Classification Study. Operating expenses decreased by 14.4% due to less money for vehicle replacement compared to the previous year.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 402,746 | $ 498,559 | $ 490,854 | $ 478,500 | $ 544,587 | 9.2% |
| Operating Costs | 109,949 | 309,100 | 409,251 | 419,428 | 264,659 | -14.4% |
| Total | $ 512,695 | $ 807,659 | $ 900,105 | $ 897,928 | $ 809,246 | 0.2% |

# *PUBLIC WORKS - Streets*
# *BUDGET SUMMARY*

*The adopted budget for the Streets division reflects an overall expenditure increase of 17.8% from the 2025-26 budget. The 5.1% increase in personnel is due to a retirement increase, an increase in insurance costs, and a salary increase. The operating budget increased by 27.6% due to an increase in street resurfacing funds and more budget for vehicle replacement compared to last year. Capital outlay increased as part of efforts to increase the department's budget to account for the rising costs of doing business.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 1,201,155 | $ 1,340,529 | $ 1,320,529 | $ 1,312,877 | $ 1,408,767 | 5.1% |
| Operating Costs | 979,020 | 1,689,890 | 2,444,961 | 2,450,173 | 2,155,522 | 27.6% |
| Capital Outlay | - | 25,000 | 372,543 | 347,543 | 35,000 | 40.0% |
| Total | $ 2,180,175 | $ 3,055,419 | $ 4,138,033 | $ 4,110,593 | $ 3,599,289 | 17.8% |

# *PUBLIC WORKS - Facilities Management*
# *BUDGET SUMMARY*

*The adopted budget for the Facilities Management division reflects a 1.7% increase from 2025-26. The 4.9% increase in personnel costs reflects a retirement increase, an increase in insurance costs, and a salary increase. The 2.1% decrease in operations reflects no vehicle replacement budget compared to last year.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 1,191,208 | $ 1,232,960 | $ 1,240,460 | $ 1,227,226 | $ 1,293,847 | 4.9% |
| Operating Costs | 1,163,574 | 1,041,885 | 1,067,010 | 1,056,454 | 1,020,501 | -2.1% |
| Total | $ 2,354,782 | $ 2,274,845 | $ 2,307,470 | $ 2,283,680 | $ 2,314,348 | 1.7% |

# *PUBLIC WORKS - Solid Waste Services*
# *BUDGET SUMMARY*

*The adopted budget for the Solid Waste Services division reflects an overall expenditure increase of 4.7% from last year's budget. The 5.3% increase in personnel costs is due to increases in retirement and insurance costs, as well as a salary increase. The 3.8% increase in operating costs is due to increased budget for vehicle replacement and added funding for supplies.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 2,718,518 | $ 2,947,264 | $ 2,947,264 | $ 2,961,341 | $ 3,104,540 | 5.3% |
| Operating Costs | 2,142,214 | 2,102,910 | 2,147,034 | 2,152,618 | 2,183,228 | 3.8% |
| Total | $ 4,860,732 | $ 5,050,174 | $ 5,094,298 | $ 5,113,959 | $ 5,287,768 | 4.7% |

# *HOUSING & COMMUNITY DEVELOPMENT*

**VISION:**
***A vibrant and inclusive community where all residents have access to affordable housing and opportunities to thrive.***

**MISSION:**
***Create Partnership***
***Catalyze Affordable Housing***
***Build Community***

The Housing and Community Development Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Affordable Housing** | ▪ Fund Community Partner Projects<br>▪ Create and Implement Affordable Housing Programs and Policies<br>▪ Manage Affordable Housing Units<br>▪ Initiate Development and Preservation of Affordable Housing |  |

# *Housing and Community Development*
## Performance Measures



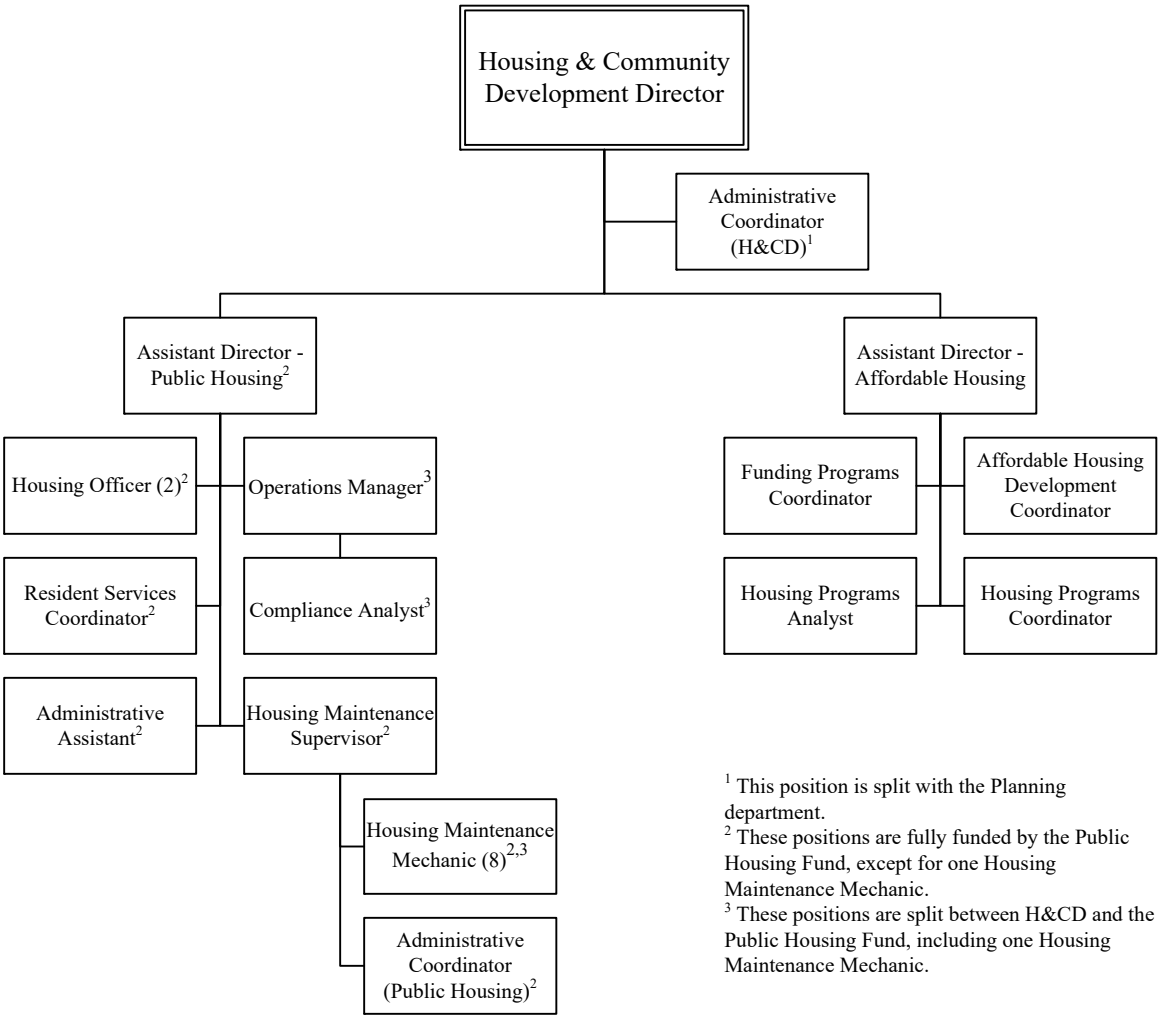

### Strategic Objectives

- To increase access to housing for individuals across a range of incomes, and to constantly strive for more equitable outcomes and opportunities for historically underserved populations
- Deepen the Town's connections and engagement with organizations, groups, and populations that historically have been disengaged or disconnected from the Town
- Increase the diversity of residents engaged in Town processes and programs to fully reflect the composition of the community, with particular focus on engaging populations that have been historically disengaged or disconnected from the Town

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| **Affordable Housing** | % of funding available and allocated for affordable housing | 84% | 90% | 94%[1] | 90% |
| | # of affordable homes developed with Town's financial support. | 6 | 34 | 64 | 35 |
| | # of affordable homes preserved with Town's financial support | 36 | 29 | 124 | 50 |
| | Dollars dedicated to affordable housing strategies in Town Budget | $8.95M | $7.54M | $11.3M[2] | $11M |
| | # of new development units that received funding approval | 69 | 53 | 190[3] | 300 |
| | # of preservation units that received funding approval | 19 | 10 | 51 | 55 |
| | % of affordable housing in Town within a 1/2 mile of a bus stop. | 96% | 94% | 98% | 97% |
| | Dollars deployed to community partners to support affordable housing development and preservation projects | $3.92M | $2.83M | $6.36M[4] | $6.50M |
| | # of affordable housing units approved by Council | 284 | 287 | 110 | 500 |

[1] Includes Hillside Trace funding
[2] Excludes Hillmont funding received in Jan. 2026
[3] Includes Hillside Trace
[4] Includes Hillside Trace

# HOUSING & COMMUNITY DEVELOPMENT




[1] This position is split with the Planning department.
[2] These positions are fully funded by the Public Housing Fund, except for one Housing Maintenance Mechanic.
[3] These positions are split between H&CD and the Public Housing Fund, including one Housing Maintenance Mechanic.

# *HOUSING & COMMUNITY DEVELOPMENT*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Director - Housing & Community Development[1] | 0.80 | 0.80 | 1.00 |
| Assistant Director (1)[1] | 0.50 | 0.50 | 1.00 |
| Assistant Director (2) | 0.50 | 0.50 | 0.00 |
| Community Engagement Manager[2] | 1.00 | 0.00 | 0.00 |
| Community Engagement Coordinator[3] | 1.00 | 1.00 | 0.00 |
| Affordable Housing Manager | 1.00 | 1.00 | 0.00 |
| Affordable Housing Development Coordinator | 1.00 | 1.00 | 1.00 |
| Funding Programs Coordinator | 1.00 | 1.00 | 1.00 |
| Community Connections Manager[3] | 1.00 | 1.00 | 0.00 |
| Housing Maintenance Mechanic[4] | 0.50 | 0.50 | 0.50 |
| Operations Manager[4] | 0.50 | 0.50 | 0.20 |
| Housing Programs Coordinator | 1.00 | 1.00 | 1.00 |
| Housing Programs Analyst | 0.00 | 0.00 | 1.00 |
| Compliance Analyst[4] | 0.00 | 0.00 | 0.50 |
| Administrative Coordinator[5] | 0.00 | 0.00 | 0.20 |
| H&CD Department Totals | 9.80 | 8.80 | 7.40 |

[1] Portions of these positions were formerly paid out of the Public Housing Fund but will be fully paid out of the General Fund as of FY26-27.

[2] This position moved to the Manager's Office during FY24-25.

[3] These positions moved to the Manager's Office during FY25-26.

[4] These positions are split between Housing & Community Development and the Public Housing Fund.

[5] The portion of this position formerly paid out of the Public Housing Fund has moved to H&CD for FY26-27.

# *HOUSING & COMMUNITY DEVELOPMENT BUDGET SUMMARY*

*The adopted budget reflects an overall decrease of 18.6% from the previous fiscal year's budget. The 16.8% decrease in personnel costs is attributed to two positions moving to the Manager's Office during FY25-26, along with turnover and vacancies. Operating costs decreased by 45.6% primarily because of budget moving out with the two positions that left the department.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 1,023,827 | $ 1,213,282 | $ 1,050,294 | $ 885,211 | $ 1,009,027 | -16.8% |
| Operating Costs | 72,149 | 77,799 | 122,147 | 108,835 | 42,296 | -45.6% |
| Capital Outlay | 27,488 | - | - | - | - | N/A |
| Total | $ 1,123,464 | $ 1,291,081 | $ 1,172,441 | $ 994,046 | $ 1,051,323 | -18.6% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 1,113,124 | $ 1,291,081 | $ 1,172,441 | $ 994,046 | $ 1,051,323 | -18.6% |
| Grants | 10,340 | - | - | - | - | N/A |
| Total | $ 1,123,464 | $ 1,291,081 | $ 1,172,441 | $ 994,046 | $ 1,051,323 | -18.6% |

# *BUILDING & DEVELOPMENT SERVICES*

**MISSION STATEMENT**:
*To provide guidance and serve as a resource to our customers while upholding and verifying compliance with local ordinances, General Statutes, and Current Building Codes and Standards in a manner consistent with the Town Values for the health and safety of our residents with integrity.*

The Building & Development Services Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Permit Center** | Assist the public in navigating the permit process by answering questions; solving problems and anticipating pitfalls through regular positive customer interactions; review permits submitted through the online portal; process requests for inspections and public information requests. |  |
| **Plan Review** | Review all plans submitted for NC code compliance, applicable local ordinances, and LUMO; take the lead on providing guidance to the development community during the review process; identify deficiencies and request corrective actions and documentation. | |
| **Field Inspections** | Perform and manage the field inspections for various new construction projects throughout the Town; verify compliance with NC Codes, applicable local ordinances, LUMO, and NC Statutes. | |
| **Code Enforcement** | Enforce local ordinance to include Housing and LUMO in a manner consistent with NC Statutes for existing properties throughout the Town. | |

# *BUILDING & DEVELOPMENT SERVICES*
## Performance Measures

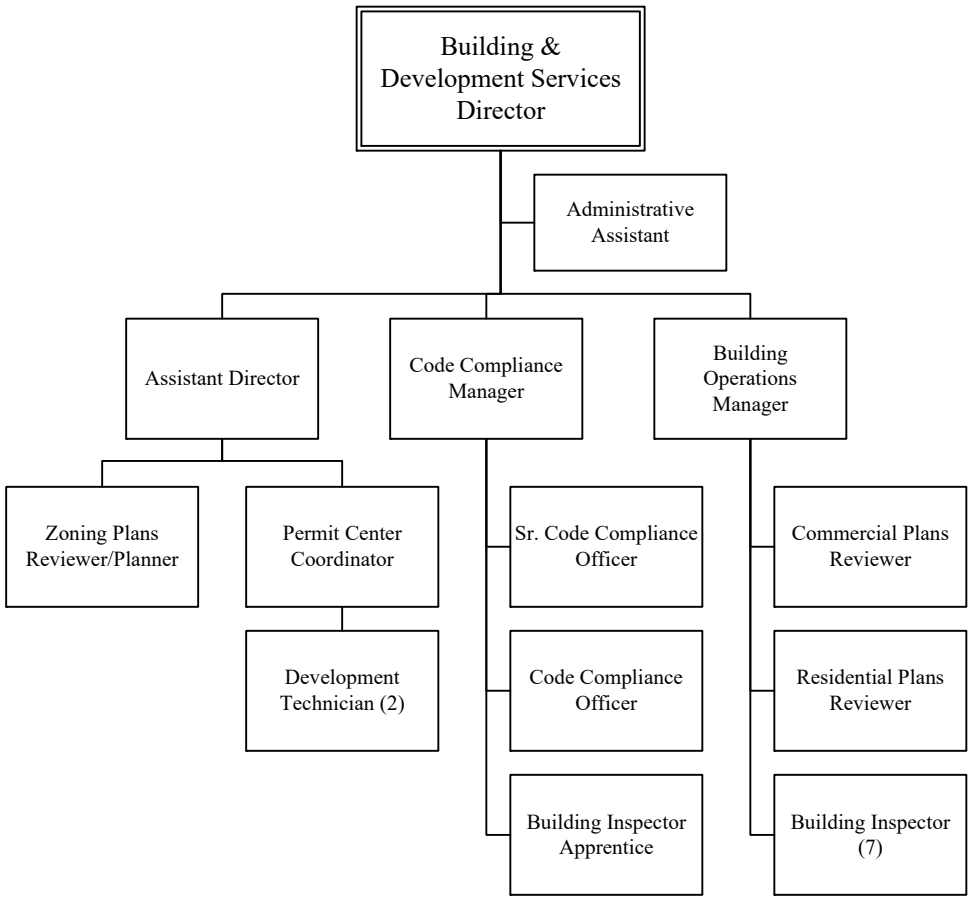



Strategic Objectives

- Improve customer service delivery with technology enhancements
- Improve customer service and delivery of commercial plan reviews within targeted deadlines
- Improve customer service and delivery of residential plan reviews within targeted deadlines.
- Improve response time to inspections requests within targeted deadlines
- Improve response time to code complaints and within targeted deadlines

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Code Enforcement (State Laws and Local Ordinances), Inspections, Plan Review, and Permitting (all programs assume building and zoning) | % of staff trained on usage of new program once installed | 100% | 100% | 100% | 100% |
| | Increase percentage of commercial plans reviews completed within 30 days of acceptance. | 78% | 80% | 85% | 85% |
| | Increase percentage of residential plan reviews completed within 15 days of acceptance. | 79% | 84% | 85% | 85% |
| | Increase percentage of code complaints responded to within 2 business days | 97% | 97% | 98% | 100% |

# BUILDING & DEVELOPMENT SERVICES



# *BUILDING & DEVELOPMENT SERVICES*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Director - Building & Development Services | 1.00 | 1.00 | 1.00 |
| Assistant Director - Building & Development Services | 1.00 | 1.00 | 1.00 |
| Code Compliance Officer | 1.00 | 1.00 | 1.00 |
| Building Operations Manager | 1.00 | 1.00 | 1.00 |
| Commercial Plans Reviewer | 2.00 | 2.00 | 1.00 |
| Residential Plans Reviewer | 0.00 | 0.00 | 1.00 |
| Code Compliance Manager | 1.00 | 1.00 | 1.00 |
| Development Technician | 1.50 | 1.50 | 1.50 |
| Administrative Assistant | 1.00 | 1.00 | 1.00 |
| Building Inspector (Levels I-III) | 7.00 | 7.00 | 7.00 |
| Permit Center Coordinator | 1.00 | 1.00 | 1.00 |
| Planning Manager | 1.00 | 0.00 | 0.00 |
| Zoning Plans Reviewer/Planner | 1.00 | 1.00 | 1.00 |
| Building Inspector Apprentice | 1.00 | 1.00 | 1.00 |
| Sr. Code Compliance Officer | 0.00 | 1.00 | 1.00 |
| BDS Department Totals | 20.50 | 20.50 | 20.50 |

# *BUILDING & DEVELOPMENT SERVICES BUDGET SUMMARY*

*The adopted budget for the Building & Development Services department reflects an overall expenditure increase of 7.4% from the 2025-26 budget. Personnel expenses increased 4.5% due to a retirement increase, an increase in insurance costs, a salary increase, and added budget for skills-based pay, somewhat offset by turnover. Operating costs went up 32.8% mostly because of the replacement of three vehicles in the department.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 2,451,568 | $ 2,761,253 | $ 2,683,253 | $ 2,544,185 | $ 2,885,654 | 4.5% |
| Operating Costs | 167,847 | 315,213 | 383,790 | 346,003 | 418,705 | 32.8% |
| Total | $ 2,619,415 | $ 3,076,466 | $ 3,067,043 | $ 2,890,188 | $ 3,304,359 | 7.4% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 373,630 | $ 956,876 | $ 947,453 | $ 668,688 | $ 985,929 | 3.0% |
| Licenses/Permits/Fines | 2,245,785 | 2,119,590 | 2,119,590 | 2,221,500 | 2,318,430 | 9.4% |
| Total | $ 2,619,415 | $ 3,076,466 | $ 3,067,043 | $ 2,890,188 | $ 3,304,359 | 7.4% |

# *PUBLIC SAFETY*
# *BUDGET SUMMARY*

*Public Safety includes the Town's Police and Fire Departments.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Police | $ 16,682,732 | $ 18,724,176 | $ 18,585,652 | $ 18,213,613 | $ 20,038,778 | 7.0% |
| Fire | 11,510,750 | 12,551,521 | 13,000,410 | 12,541,935 | 14,315,558 | 14.1% |
| Total | $ 28,193,482 | $ 31,275,697 | $ 31,586,062 | $ 30,755,548 | $ 34,354,336 | 9.8% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 25,995,562 | $ 29,079,674 | $ 29,322,182 | $ 28,543,051 | $ 32,192,640 | 10.7% |
| State-Shared Revenues | 1,029,402 | 1,025,214 | 1,025,214 | 1,025,214 | 1,025,214 | 0.0% |
| Grants | 99,117 | 6,000 | 73,857 | 76,551 | - | -100.0% |
| Charges for Services | 949,655 | 982,309 | 982,309 | 953,482 | 953,482 | -2.9% |
| Licenses/Permits/Fines | 118,826 | 181,500 | 181,500 | 156,500 | 182,000 | 0.3% |
| Other Revenues | 920 | 1,000 | 1,000 | 750 | 1,000 | 0.0% |
| Total | $ 28,193,482 | $ 31,275,697 | $ 31,586,062 | $ 30,755,548 | $ 34,354,336 | 9.8% |

# *CHAPEL HILL POLICE DEPARTMENT*

**MISSION STATEMENT**:
*The primary mission of the Police Department is to preserve and protect life and property and enhance the quality of life in our community through the fair and effective delivery of services.*

The Chapel Hill Police Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Patrol Division** | Provide 24-hour emergency response, pro-active patrol, community engagement and alternative reporting options through the Virtual Reporting Unit to enhance public safety, address community concerns, and improve access to police services. |  |
| **Traffic Safety Division** | Conduct traffic safety enforcement, crash investigation, and civilian crash response services to improve roadway safety and reduce crashes. | |
| **Investigative Division** | Conduct criminal investigations and coordinate with victims and partner agencies to support case development and coordination. | |
| **School Resource Officer Division** | Partner with schools to promote safe learning environments through relationship building, problem-solving, and emergency preparedness. | |
| **Community Services Division** | Build relationships with community members through education, prevention and collaborative problem-solving. | |
| **Crisis Division** | Provide specialized behavioral health response through the CARE Team and Co-Responder Program, victim support, resource navigation, and quality-of-life services to connect individuals with appropriate community resources and promote response appropriateness. | |
| **Special Events Division** | Plan, coordinate, and support public safety operations for special events and community gatherings. | |
| **Information Services Division** | Support records management, technology, and administrative services to ensure accountability and operational readiness. | |
| **Training Division** | Deliver training to prepare employees to serve the community safely and effectively. | |

| Program | Description | Strategic Priority |
|---|---|---|
| **Wellness Division** | Support employee wellness initiatives that promote health, resilience, and organizational well-being. |  |
| **Emergency Management Division** | Coordinate preparedness, mitigation, response, and recovery efforts to strengthen community resilience. |  |

# *POLICE*
## Performance Measures







### Strategic Objectives

- Achieve or maintain “very satisfied” or “satisfied" survey ratings for customer perception of the Chapel Hill Police Department from at least 70% of customers surveyed.
- The annual number of part 1 Crimes against Persons and Property does not exceed 1,500 crimes.
- Achieve an annual Clearance Rate of Part 1 Crimes against Persons of 60%.
- Achieve an annual Clearance Rate of Part 1 Property Crime of 17%.
- Maintain “very safe” or “safe’ survey ratings for “Level of Safety and Security” in neighborhoods from at least 90% of residents surveyed.
- Achieve a decrease in vehicle crash resulting in injuries.
- Achieve “very satisfied” or “satisfied’ survey ratings for employee perception of the police department from at least 75% of employees surveyed.

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Patrol Division, Investigative Division, Police Crisis Unit | Survey residents and ascertain satisfaction with overall quality of police protection. | 77% | N/A[1] | 88% | 70% |
| | Total Number of Part 1 Crimes against Persons and Property | 1,785 | 1,791 | 1537 | 1600 |
| | Percentage of Part 1 Crimes against Persons cleared | 37% | 46%[2] | 37% | 40% |
| | Percentage of Part 1 Property Crimes cleared | 12% | 12% | 15% | 15% |
| | “Very safe” or “safe’ survey ratings for “Level of Safety and Security” in neighborhoods in Community Survey | 80% | N/A | 89% | 80% |
| | Percentage of vehicle crashes resulting in injuries <17% of our total number of crashes | 19%<br>5%[3] | 20%<br>4%[3] | 18%<br>4%[3] | 18%<br>2%[3] |
| Support Services | % of employees who advance through career progression program on-time | 100% | 100% | 100% | 100% |
| | % of police applicants successfully passing BLET/FTP | 75% | 81%[4] | 90% | 95% |

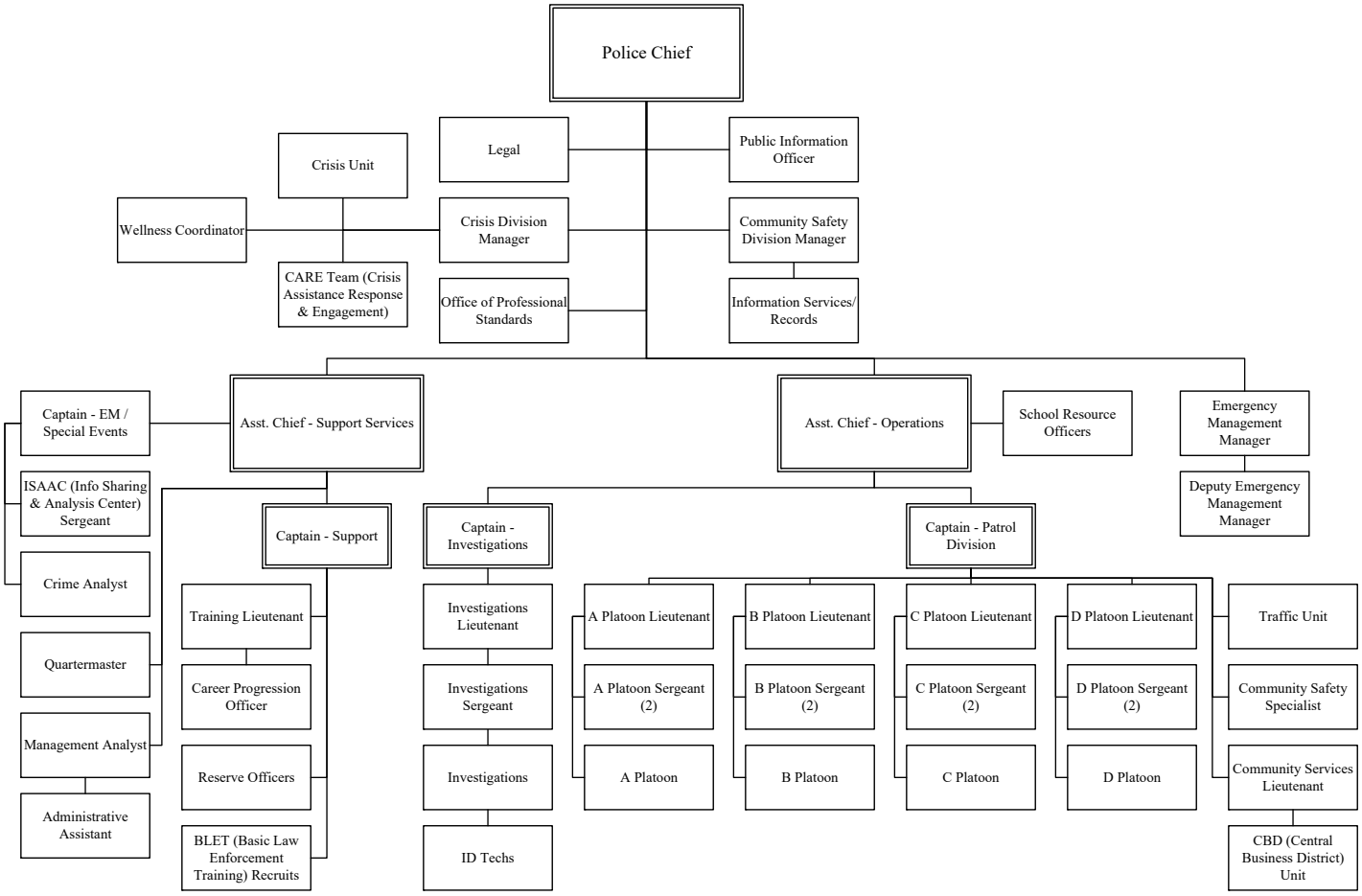
[1] The Community Survey is conducted every other year.

[2] This number includes active cases that have not been closed yet.

[3] The top (larger) number includes all crashes where any complaint of injury, no matter how small, is made known to the investigating officer. The smaller number includes only crashes where an injury was clearly evident or there was a fatality.

[4] FTP for FY25 not complete as of time of this report.

# POLICE


Police Chief
Legal
Public Information Officer
Crisis Unit
Wellness Coordinator
Crisis Division Manager
Community Safety Division Manager
CARE Team (Crisis Assistance Response & Engagement)
Office of Professional Standards
Information Services/ Records
Captain - EM / Special Events
Asst. Chief - Support Services
Asst. Chief - Operations
School Resource Officers
Emergency Management Manager
ISAAC (Info Sharing & Analysis Center) Sergeant
Deputy Emergency Management Manager
Captain - Support
Captain - Investigations
Captain - Patrol Division
Crime Analyst
Training Lieutenant
Investigations Lieutenant
A Platoon Lieutenant
B Platoon Lieutenant
C Platoon Lieutenant
D Platoon Lieutenant
Traffic Unit
Quartermaster
Career Progression Officer
Investigations Sergeant
A Platoon Sergeant (2)
B Platoon Sergeant (2)
C Platoon Sergeant (2)
D Platoon Sergeant (2)
Community Safety Specialist
Management Analyst
Reserve Officers
Investigations
A Platoon
B Platoon
C Platoon
D Platoon
Community Services Lieutenant
Administrative Assistant
BLET (Basic Law Enforcement Training) Recruits
ID Techs
CBD (Central Business District) Unit

# *POLICE*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Support Services** | | | |
| Police Chief | 1.00 | 1.00 | 1.00 |
| Senior Legal Advisor | 1.00 | 1.00 | 1.00 |
| Police Assistant General Counsel | 1.00 | 1.00 | 1.00 |
| Crime Analyst | 1.00 | 1.00 | 1.00 |
| Crisis Division Manager | 1.00 | 1.00 | 1.00 |
| Crisis Counselor Coordinator | 1.00 | 1.00 | 1.00 |
| Crisis Counselor (I, II, III) | 5.00 | 7.00 | 7.00 |
| Administrative Assistant | 4.00 | 4.00 | 4.00 |
| Management Analyst | 1.00 | 1.00 | 1.00 |
| Public Information Officer | 1.00 | 1.00 | 1.00 |
| Community Safety Specialist | 1.00 | 1.00 | 1.00 |
| Peer Support Specialist | 1.00 | 1.00 | 1.00 |
| Community Safety Division Manager | 1.00 | 1.00 | 1.00 |
| Community Safety Support Technician | 0.00 | 2.00 | 2.00 |
| Emergency Management Manager[1] | 0.00 | 0.00 | 1.00 |
| Deputy Emergency Management Manager[1] | 0.00 | 0.00 | 1.00 |
| Wellness Coordinator[2] | 0.00 | 0.00 | 1.00 |
| Division Totals | 20.00 | 24.00 | 27.00 |
| **Operations** | | | |
| Assistant Police Chief | 2.00 | 2.00 | 2.00 |
| Police Captain | 4.00 | 5.00 | 5.00 |
| Police Lieutenant | 9.00 | 8.00 | 8.00 |
| Police Sergeant | 11.00 | 12.00 | 12.00 |
| Police Officer (Recruit, I, II, II, IV) | 74.00 | 71.00 | 69.00 |
| Forensic and Evidence Specialist | 1.00 | 1.00 | 1.00 |
| Community Safety Support Technician | 0.00 | 0.00 | 1.00 |
| Division Totals | 101.00 | 99.00 | 98.00 |
| Police Department Totals | 121.00 | 123.00 | 125.00 |

[1] These positions moved from the Manager's Office starting in FY26-27.

[2] This position was grant-funded but became a Town-funded position starting in FY25-26.

# *POLICE*
# *BUDGET SUMMARY*

*While the Police Department generates revenues from grants, charges for services, licenses, permits, and fines, the majority of revenues are not department specific.*

*Personnel expenditure increases are attributed to a retirement increase, an increase in insurance costs, a salary increase, impacts from the Pay & Classification Study, and two Emergency Management positions moving in from the Manager's Office. Operating budget increases are attributed to utility costs at the new PD facility; increased software, custodial, and computer costs; Emergency Management's operational budget moving in; and vehicle replacement.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 14,433,856 | $ 16,001,620 | $ 15,597,526 | $ 15,445,538 | $ 16,994,236 | 6.2% |
| Operating Costs | 2,248,783 | 2,722,556 | 2,938,400 | 2,726,967 | 3,044,542 | 11.8% |
| Capital Outlay | 93 | - | 49,726 | 41,108 | - | N/A |
| Total | $ 16,682,732 | $ 18,724,176 | $ 18,585,652 | $ 18,213,613 | $ 20,038,778 | 7.0% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 15,964,846 | $ 17,999,867 | $ 17,861,343 | $ 17,518,381 | $ 19,347,796 | 7.5% |
| Grants | 14,871 | 6,000 | 6,000 | 6,000 | - | -100.0% |
| Charges for Services | 660,770 | 693,809 | 693,809 | 664,982 | 664,982 | -4.2% |
| Licenses/Permits/Fines | 41,325 | 23,500 | 23,500 | 23,500 | 25,000 | 6.4% |
| Other Revenues | 920 | 1,000 | 1,000 | 750 | 1,000 | 0.0% |
| Total | $ 16,682,732 | $ 18,724,176 | $ 18,585,652 | $ 18,213,613 | $ 20,038,778 | 7.0% |

# *POLICE - Support Services*
# *BUDGET SUMMARY*

*The adopted budget for the Support Services division reflects an overall expenditure increase of 21.7% from last year's budget. The 22.6% increase in personnel can be attributed to two Emergency Management positions moving in from the Manager's Office, increases in retirement, insurance costs, and pay, as well as impacts from the Pay & Classification Study. There is a 19.5% increase in the operating budget due to increased costs in several areas, including utility costs associated with the new PD facility, software, contracted custodial services, and computer use charges, in addition to Emergency Management's operational costs moving in to the department.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 2,363,697 | $ 2,823,620 | $ 2,597,726 | $ 2,630,899 | $ 3,463,129 | 22.6% |
| Operating Costs | 829,550 | 1,261,590 | 1,297,805 | 1,274,414 | 1,507,850 | 19.5% |
| Total | $ 3,193,247 | $ 4,085,210 | $ 3,895,531 | $ 3,905,313 | $ 4,970,979 | 21.7% |

# *POLICE - Operations*
# *BUDGET SUMMARY*

*The Operations division reflects a 3% increase from the 2025-26 budget. The 2.7% increase to the personnel budget is attributed to an increase in retirement costs, an insurance increase, a salary increase, and impacts from the Pay & Classification Study. This is somewhat offset by turnover. Operating costs increased 6.1% largely due to vehicle replacement.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 12,070,159 | $ 13,178,000 | $ 12,999,800 | $ 12,814,639 | $ 13,531,107 | 2.7% |
| Operating Costs | 1,418,104 | 1,435,766 | 1,640,595 | 1,452,553 | 1,523,242 | 6.1% |
| Capital Outlay | 93 | - | 49,726 | 41,108 | - | N/A |
| Total | $ 13,488,356 | $ 14,613,766 | $ 14,690,121 | $ 14,308,300 | $ 15,054,349 | 3.0% |

# *POLICE - Special Events*
# *BUDGET SUMMARY*

*The Special Events division tracks the cost of additional police presence at special events, including impromptu University of North Carolina student celebrations and Halloween. The adopted budget for 2026-27 has decreased 46.6%. This is due to realized savings stemming from successful efforts to contain the downtown Halloween celebration for the past several years.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Operating Costs | $ 1,129 | $ 25,200 | $ - | $ - | $ 13,450 | -46.6% |
| Total | $ 1,129 | $ 25,200 | $ - | $ - | $ 13,450 | -46.6% |

# *FIRE*

**MISSION STATEMENT**:
*The primary mission of Chapel Hill Fire Rescue is to protect life, property, and the environment from the destructive effects of fire, disasters, or other hazards by providing public education, incident prevention, and emergency response services.*

The Fire Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Emergency Operations** | Provide fire suppression, rescue, extrication/accident response, hazard mitigation, and response to environmental threats in the Town of Chapel Hill and to neighboring jurisdictions under Mutual Aid agreements. |  |
| **Code Enforcement** | Educate our community members and business owners to ensure compliance with the fire and safety codes of the Town and State through inspections, plan reviews, and investigating the origin and cause of fires. | |
| **Fire Prevention & Life Safety Education** | Schedule, coordinate, and conduct public education and outreach services providing information on fire prevention, CPR, child safety seats, home safety, and smoke alarms. | |
| **Emergency Medical Services** | Provide response to medical emergencies within Town limits as part of emergency operations. Manage resources and coordinate administrative efforts to ensure proper coverage and service delivery. | |

# *FIRE*
## Performance Measures



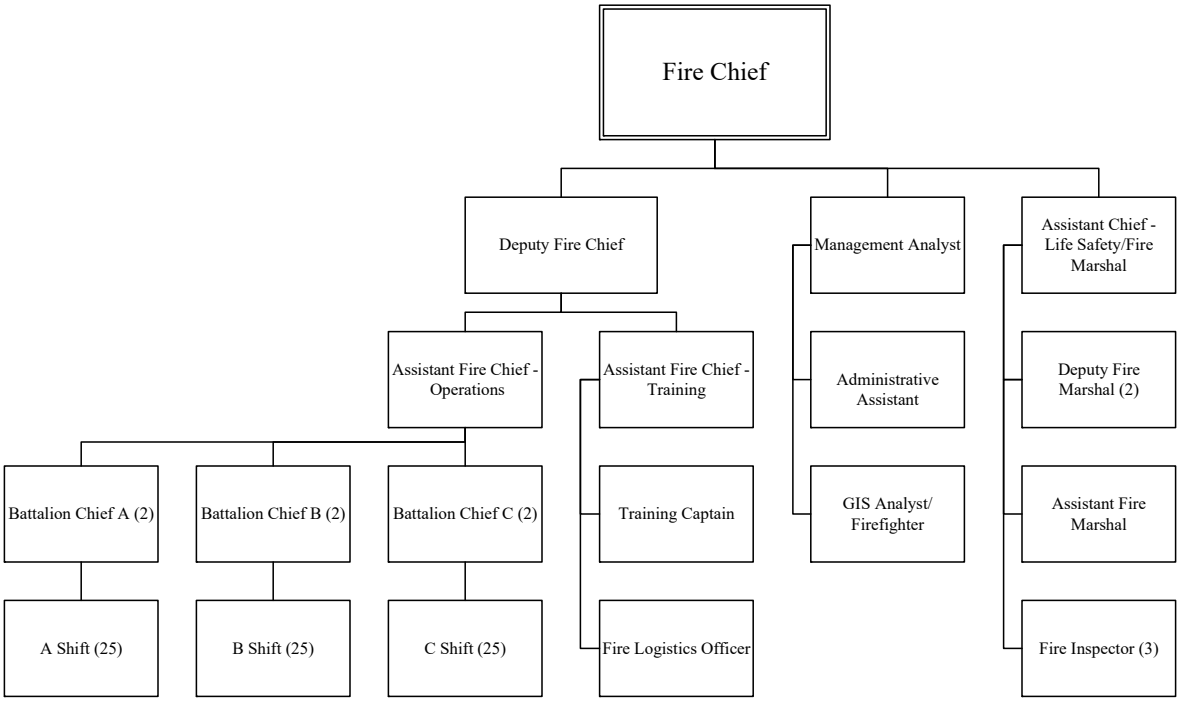

### Strategic Objectives

- Achieve and maintain a response time (dispatch to on-scene) consistent with national standards of coverage (NFPA 1710) of a 5-minute arrival time for the first due and an 8-minute arrival time for the full dispatched assignment in at least 90% of all incidents.
- Maintain out-of-service time of front line apparatus at 10% or less
- Achieve and maintain a response time (dispatch to on-scene) of 5 minute arrival time in first due area at least 90% of the time
- Enforce the fire and safety codes of the Town and State through inspection, plan review, and investigating the causes of fires
- Reach at least 15% of the Chapel Hill population annually with presentations, demonstrations, programs, materials, and events with messages to raise awareness and knowledge of how to prevent emergency incidents and/or how to appropriately react when an emergency does occur
- Achieve full ISO credit for training standards in the areas of: Company, Officer, Driver Operator, and Hazardous Materials training

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Emergency Operations | Percentage of structure fire responses within 5 minutes from dispatch to the arrival of the first unit | 72% | 66% | 72% | 90% |
| | Percentage of structure fire responses within NFPA 1710 standard of 8 minutes from dispatch to the arrival of the full alarm | 0% | 0% | 0% | 90% |
| | Percentage of non-medical emergency responses within 5 minutes from dispatch to the arrival of the first unit. | 66% | 68% | 58% | 90% |
| | Percentage of front-line apparatus with out-of-service time greater than 10% | No Data | 78% | 83% | 10% |
| First Responder Medical Services | CHFD response time to medical calls within 5 minutes from dispatch to arrival | 89% | 50% | 52% | 90% |
| Code Enforcement | Percentage of State required inspections completed | 60% | 45.2% | 48.5% | 70% |
| Fire Prevention and Safety Education | Combined audiences of public safety presentation, as a percentage of total population** | 20% | 24.8% | 16.1% | 15% |
| Training and Development | Personnel completed company training (192 hours required) | 36% | 71% | 29% | 100% |
| | Personnel completed full officer training (12 hours required) | 71% | 81% | 70% | 100% |

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| | Personnel completed existing driver operator training (12 hours required) | 96% | 90% | 82% | 100% |
| | Personnel completed hazardous material training (6 hours required) | 22% | 91% | 81% | 100% |
| | Personnel completed 2 hours of mutual aid training quarterly | 0% | 100% | 13% | 100% |
| | Personnel completed facilities training (18 hours required) | 76% | 92% | 44% | 100% |

# FIRE


Fire Chief
Deputy Fire Chief
Management Analyst
Assistant Chief - Life Safety/Fire Marshal
Assistant Fire Chief - Operations
Assistant Fire Chief - Training
Administrative Assistant
Deputy Fire Marshal (2)
Battalion Chief A (2)
Battalion Chief B (2)
Battalion Chief C (2)
Training Captain
GIS Analyst/ Firefighter
Assistant Fire Marshal
A Shift (25)
B Shift (25)
C Shift (25)
Fire Logistics Officer
Fire Inspector (3)

# *FIRE*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Administration** | | | |
| Fire Chief | 1.00 | 1.00 | 1.00 |
| Administrative Assistant | 1.00 | 1.00 | 1.00 |
| Management Analyst | 1.00 | 1.00 | 1.00 |
| Division Totals | 3.00 | 3.00 | 3.00 |
| **Emergency Operations** | | | |
| Deputy Fire Chief | 1.00 | 1.00 | 1.00 |
| Battalion Chief | 6.00 | 6.00 | 6.00 |
| Fire Captain/Battalion Commander | 18.00 | 18.00 | 18.00 |
| Training Captain | 1.00 | 1.00 | 1.00 |
| Fire Logistics Officer | 1.00 | 1.00 | 1.00 |
| Assistant Fire Chief - Operations | 1.00 | 1.00 | 1.00 |
| Assistant Fire Chief - Training | 1.00 | 1.00 | 1.00 |
| Fire Engineer/Lieutenant | 21.00 | 21.00 | 21.00 |
| Firefighter (Recruit, I, II) | 37.00 | 37.00 | 37.00 |
| Division Totals | 87.00 | 87.00 | 87.00 |
| **Life Safety** | | | |
| Assistant Fire Chief - Life Safety/Fire Marshal | 1.00 | 1.00 | 1.00 |
| Fire Inspector (I, II) | 2.00 | 2.00 | 3.00 |
| Deputy Fire Marshal | 2.00 | 2.00 | 2.00 |
| Assistant Fire Marshal | 1.00 | 1.00 | 1.00 |
| Community Risk Reduction Specialist | 1.00 | 1.00 | 0.00 |
| Division Totals | 7.00 | 7.00 | 7.00 |
| Fire Department Totals | 97.00 | 97.00 | 97.00 |

# *FIRE*
# *BUDGET SUMMARY*

*While the Fire Department generates revenues from grants, charges for services, licenses, permits, and fines, the majority of revenues are not department specific.*

*Fire Department costs have increased 14.1% due to retirement, insurance, and salary increases, pay study implementation, as well as increases in fleet use charges and added budget for operational needs related to the increased costs of doing business. Capital outlay increased as we work towards the goal of creating a sustainable funding source for the replacement of fire apparatus and other capital needs.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 10,227,416 | $ 10,655,791 | $ 10,655,791 | $ 10,495,102 | $ 11,815,143 | 10.9% |
| Operating Costs | 1,236,140 | 1,395,730 | 1,692,208 | 1,516,833 | 1,500,415 | 7.5% |
| Capital Outlay | 47,194 | 500,000 | 652,411 | 530,000 | 1,000,000 | 100.0% |
| Total | $ 11,510,750 | $ 12,551,521 | $ 13,000,410 | $ 12,541,935 | $ 14,315,558 | 14.1% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 10,030,716 | $ 11,079,807 | $ 11,460,839 | $ 11,024,670 | $ 12,844,844 | 15.9% |
| State-Shared Revenues | 1,029,402 | 1,025,214 | 1,025,214 | 1,025,214 | 1,025,214 | 0.0% |
| Grants | 84,246 | - | 67,857 | 70,551 | - | N/A |
| Charges for Services | 288,885 | 288,500 | 288,500 | 288,500 | 288,500 | 0.0% |
| Licenses/Permits/Fines | 77,501 | 158,000 | 158,000 | 133,000 | 157,000 | -0.6% |
| Total | $ 11,510,750 | $ 12,551,521 | $ 13,000,410 | $ 12,541,935 | $ 14,315,558 | 14.1% |

# *FIRE - Administration*
# *BUDGET SUMMARY*

*The adopted budget for the Administration division reflects an overall expenditure decrease of 2.7% from last year's budget. The slight increase in personnel costs is the result of retirement, insurance, and salary increases largely offset by staff turnover. The operating budget decreased by 27.5% because of reductions to budgeted fleet use charges and vehicle fuel expenditures.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 370,169 | $ 459,524 | $ 459,524 | $ 438,630 | $ 464,450 | 1.1% |
| Operating Costs | 92,585 | 69,358 | 68,556 | 44,206 | 50,289 | -27.5% |
| Total | $ 462,754 | $ 528,882 | $ 528,080 | $ 482,836 | $ 514,739 | -2.7% |

# *FIRE - Emergency Operations*
# *BUDGET SUMMARY*

*The adopted budget for the Emergency Operations division reflects a 15.8% increase overall. Personnel expenditures experienced an 11.4% increase due to a retirement increase, an increase in insurance costs, a salary increase, and the impacts of two Pay & Classification studies. Operating expenditures increased 15%, reflecting higher fleet use charges as well as added budget for various operational needs related to the increased costs of doing business. Capital outlay expenditures doubled as we work towards the goal of creating a sustainable funding source for the replacement of fire apparatus and other capital needs.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 9,117,526 | $ 9,310,868 | $ 9,310,408 | $ 9,167,155 | $ 10,373,502 | 11.4% |
| Operating Costs | 1,088,755 | 1,191,811 | 1,490,375 | 1,341,147 | 1,370,583 | 15.0% |
| Capital Outlay | 47,194 | 500,000 | 652,411 | 530,000 | 1,000,000 | 100.0% |
| Total | $ 10,253,475 | $ 11,002,679 | $ 11,453,194 | $ 11,038,302 | $ 12,744,085 | 15.8% |

# *FIRE - Life Safety*
# *BUDGET SUMMARY*

*The adopted budget for the Life Safety division reflects an overall expenditure increase of 3.6% from the 2025-26 budget. The 10.4% increase in personnel is due to a retirement costs increase, an increase in insurance costs, a salary increase, turnover, and impacts from the Pay & Classification Study. The operating budget went down 40.9% primarily because no vehicle replacement is budgeted for the coming fiscal year.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 739,721 | $ 885,399 | $ 885,859 | $ 889,317 | $ 977,191 | 10.4% |
| Operating Costs | 54,800 | 134,561 | 133,277 | 131,480 | 79,543 | -40.9% |
| Total | $ 794,521 | $ 1,019,960 | $ 1,019,136 | $ 1,020,797 | $ 1,056,734 | 3.6% |

# *LEISURE*
# *BUDGET SUMMARY*

*Leisure includes the Parks & Recreation Department and the Chapel Hill Public Library.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Parks and Recreation | $ 8,500,018 | $ 9,694,655 | $ 9,772,467 | $ 9,448,071 | $ 9,881,783 | 1.9% |
| Library | 4,560,044 | 4,982,545 | 4,989,320 | 4,985,301 | 5,266,584 | 5.7% |
| Total | $ 13,060,062 | $ 14,677,200 | $ 14,761,787 | $ 14,433,372 | $ 15,148,367 | 3.2% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 10,761,231 | $ 12,283,577 | $ 12,354,987 | $ 12,101,115 | $ 12,588,489 | 2.5% |
| Grants | 744,648 | 744,083 | 749,083 | 749,988 | 744,988 | 0.1% |
| Charges for Services | 1,459,079 | 1,570,540 | 1,570,540 | 1,514,269 | 1,597,265 | 1.7% |
| Other Revenues | 50,104 | 34,000 | 42,177 | 23,000 | 172,625 | 407.7% |
| Transfers/Other Sources | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 0.0% |
| Total | $ 13,060,062 | $ 14,677,200 | $ 14,761,787 | $ 14,433,372 | $ 15,148,367 | 3.2% |

# *PARKS AND RECREATION*

**MISSION STATEMENT**:
*To enliven our community by providing exceptional service, creating opportunities for inclusive recreational and cultural experiences, and nurturing beautiful, sustainable spaces.*

The Parks and Recreation Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Park and Landscape Maintenance** | Operate and maintain Town owned and controlled outdoor properties, including parks, playgrounds, athletic fields, green/open space, cemeteries, and trails and greenways. Perform or coordinate landscape maintenance at rights of way along public roadways and thoroughfares throughout Chapel Hill, including vegetative maintenance at most Town facilities and tree/arboriculture responsibilities. |  |
| **Planning and Development** | Lead the planning and development of new facilities and renovations at parks and recreation venues. Coordinate comprehensive and strategic planning efforts related to Parks and Recreation. Manage construction and renovation projects. |  |
| **Cemetery Operations** | Administer operation of Memorial Cemetery, including sale of columbarium niches, sale and resale of burial plots, and scheduling of services. Provide landscaping, routine maintenance, and record keeping of the 4 Town-owned cemeteries. | |
| **Recreation Programming and Facility Management** | Provide recreational programming throughout the Town, including youth and teen programs, aquatics and swimming classes, instructional sports, athletic leagues, fitness and arts programs, open gym and field play opportunities, as well as specialized programs including Special Olympics of Orange County and adapted recreation. Operate recreational, aquatic, and athletic facilities and coordinate the use of athletic fields, gyms, meeting rooms, and other facilities. | |

| Program | Description | Strategic Priority |
|---|---|---|
| **Business Operations** | Facilitate a wide range of administrative and business operations, including marketing and promotion, facility booking and program registration systems and processes, resource development, fiscal budget preparation, reporting and evaluation, and payroll and HRD workflows. Coordinate picnic shelter reservations, volunteer coordinator, and department-wide customer service management processes. |  |

# *PARKS & RECREATION*
## Performance Measures




### Strategic Objectives

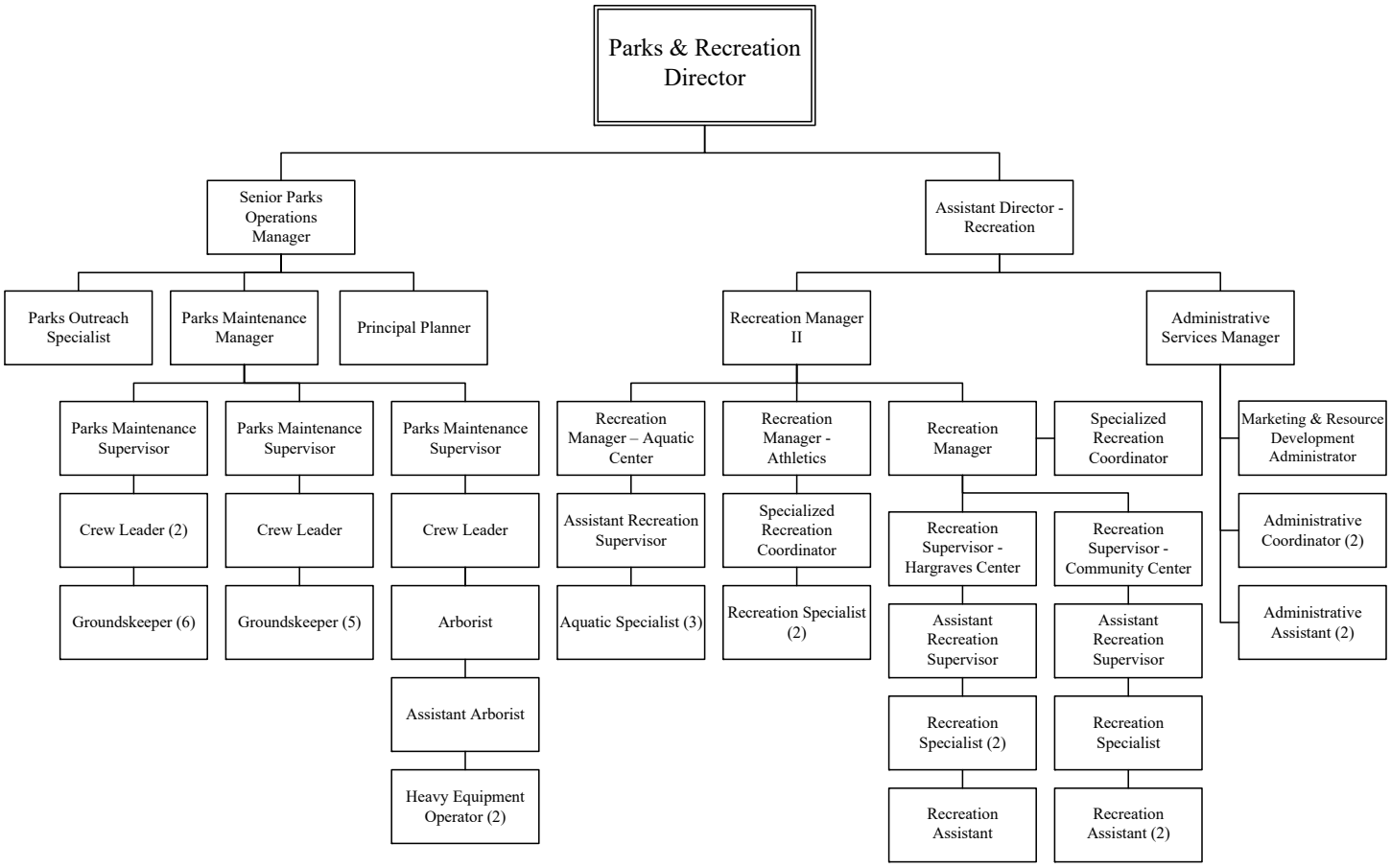
- Use contracted services to maintain community space
- Use employees to maintain community space
- Maintain community space in an attractive and timely manner
- Provide community use of Town recreation facilities
- Offer exceptional recreational and cultural programs to the community
- Planning and Facility Development

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Park Maintenance and Landscape Services | Number of acres contracted for Right of ways | 70 | 70 | 70 | 70 |
| | Number of acres contracted for Transit and Park and Ride Lots | 16 | 16 | 16 | 16 |
| | Number of Acres maintained per employee | 22 | 22 | 22 | 22 |
| | Mowing Frequency of Hybrid Bermuda fields (days) | 3 | 3 | 3 | 3 |
| | Mowing Frequency of Fescue ball fields (days) | 0 | 0 | 0 | 0 |
| | Mowing Frequency of Parks, Facilities and Greenways(days) | 7 | 7 | 7 | 7 |
| | Mowing Frequency of Tractor Right of Way(days) | 42 | 42 | 42 | 42 |
| | Mowing Frequency of Contracted Right of Way mowing(days) | 14 | 14 | 14 | 14 |
| Recreation Facility Rentals | Field rentals - number of rentals | 6,913 | 11,759 | 6,599 | 6,000 |
| | Field rentals - revenue | $524,597 | $607,360 | $580,657 | $580,000 |
| | Field rentals - attendance | 323,169 | 603,984 | 355,060 | 300,000 |
| | Shelter rentals - number of rentals | 678 | 668 | 555 | 700 |
| | Shelter rentals - revenue | $28,544 | $28,037 | $24,351 | $29,000 |
| | Shelter rentals - attendance | 21,172 | 19,416 | 16,583 | 22,000 |
| | Pool rentals - number of reservations | 5,126 | 70 | 2,703 | 2500 |
| | Pool rentals - revenue | $26,035 | $2,098 | $17,872 | $20,000 |
| | Pool rentals - attendance | 77,189 | 13,092 | 94,440 | 80,000 |

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Actual | FY27 Target |
|---|---|---|---|---|---|
| Recreation Facility Reservations | Other Indoor Reservations - number of reservations for meeting rooms, gyms and auditorium | 3,498 | 976 | 2,736 | 2500 |
| | Other Indoor Reservations - revenue | $21,953 | $14,091 | $17,520 | 15,000 |
| | Other Indoor Reservations - attendance | 61,726 | 25,282 | 85,108 | 75,000 |
| Recreation Programming | Number of programs offered | 796 | 863 | 663 | 550 |
| | Percentage of programs completed | 80% | 89% | 89% | 90% |
| | Number of registered participants in all programs | 8,162 | 6,638 | 7,627 | 7,000 |
| | Number of waitlisted participants in all programs | 1,969 | 1,363 | 1,002 | 850 |
| | Program/Event Drop in Participants and Pass Visits | 82,763 | 51,699 | 102,052 | 75,000 |
| Administration | Department and Co-hosted events - number of events held (New) | 10 | 10 | 12 | 10 |
| Planning and Facility Development | Complete the Cedar Falls Tennis Court Project (Design only) | 100% | 100% | 100% | 100% |
| | Complete the Skate Park Renovation Project (Design Only) | 80% | 100% | 100% | 100% |
| | Complete the Community Center Inclusive Playground Project (Design Only) | 95% | 100% | 100% | 100% |
| | Complete Comprehensive System Wide Master Plan | 20% | 33% | 90% | 100% |
| | Complete Hargraves Park Tennis Courts Resurfacing Project (Construction) | 95% | 100% | 100% | 100% |
| | Complete the Morgan Creek Trail - Western Extension to Carrboro (Design only) | 70% | 80% | 75%[1] | 90% |
| | Complete the Morgan Creek Trail - Eastern Extension to Manning Dr (Design only) | 75% | 90% | 100% | 100% |
| | Complete the Community Center Inclusive Playground Project (Construction) | N/A | 100% | 100% | 100% |
| | Complete the Skate Park Renovation Project (Construction) | N/A | 10% | 100% | 100% |

[1] $4.3 million in federal funding will not be available until 2028.

# PARKS AND RECREATION



# *PARKS & RECREATION*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Administration** | | | |
| Director - Parks & Recreation | 1.00 | 1.00 | 1.00 |
| Assistant Director - Recreation | 1.00 | 1.00 | 1.00 |
| Senior Parks Operations Manager | 1.00 | 1.00 | 1.00 |
| Recreation Manager II | 1.00 | 1.00 | 1.00 |
| Recreation Manager | 1.00 | 1.00 | 1.00 |
| Administrative Coordinator | 1.00 | 1.00 | 1.00 |
| Administrative Assistant | 2.00 | 2.00 | 2.00 |
| Administrative Services Manager | 1.00 | 1.00 | 1.00 |
| Marketing & Resource Development Administrator | 1.00 | 1.00 | 1.00 |
| Division Totals | 10.00 | 10.00 | 10.00 |
| **Landscape Services and Park Maintenance** | | | |
| Parks Maintenance Manager | 1.00 | 1.00 | 1.00 |
| Parks Maintenance Supervisor | 3.00 | 3.00 | 3.00 |
| Parks Outreach Specialist | 1.00 | 1.00 | 1.00 |
| Arborist | 1.00 | 1.00 | 1.00 |
| Prinicipal Planner | 1.00 | 1.00 | 1.00 |
| Assistant Arborist | 1.00 | 1.00 | 1.00 |
| Heavy Equipment Operator | 2.00 | 2.00 | 2.00 |
| Groundskeeper Crew Leader | 4.00 | 4.00 | 4.00 |
| Groundskeeper[1] | 11.00 | 11.00 | 11.00 |
| Administrative Coordinator | 1.00 | 1.00 | 1.00 |
| Division Totals | 26.00 | 26.00 | 26.00 |
| **Athletics** | | | |
| Recreation Manager | 1.00 | 1.00 | 1.00 |
| Specialized Recreation Coordinator | 2.00 | 2.00 | 2.00 |
| Recreation Specialist | 1.50 | 1.50 | 1.50 |
| Division Totals | 4.50 | 4.50 | 4.50 |
| **Community Center** | | | |
| Recreation Supervisor | 1.00 | 1.00 | 1.00 |
| Assistant Recreation Supervisor | 1.00 | 1.00 | 1.00 |
| Recreation Specialist | 0.50 | 0.50 | 0.50 |
| Recreation Assistant | 2.00 | 2.00 | 2.00 |
| Division Totals | 4.50 | 4.50 | 4.50 |

*continued*

# *PARKS & RECREATION*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Aquatics Center** | | | |
| Recreation Manager | 1.00 | 1.00 | 1.00 |
| Assistant Recreation Supervisor | 1.00 | 1.00 | 1.00 |
| Aquatics Specialist | 3.00 | 3.00 | 3.00 |
| Division Totals | 5.00 | 5.00 | 5.00 |
| **Hargraves Center** | | | |
| Recreation Supervisor | 1.00 | 1.00 | 1.00 |
| Assistant Recreation Supervisor | 1.00 | 1.00 | 1.00 |
| Recreation Specialist | 1.80 | 1.80 | 1.80 |
| Recreation Assistant | 1.00 | 1.00 | 1.00 |
| Division Totals | 4.80 | 4.80 | 4.80 |
| Parks & Recreation Department Totals | 54.80 | 54.80 | 54.80 |

[1] One additional Groundskeeper position is funded by the Downtown Service District Fund.

# *PARKS & RECREATION*
# *BUDGET SUMMARY*

*The adopted budget for Parks & Recreation has increased by 1.9% overall. The personnel budget includes a retirement increase, an increase in insurance costs, and a salary increase. The 3.9% decrease in operations relates to a smaller vehicle replacement budget in FY27 and reduced electricity costs.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 6,441,466 | $ 7,085,433 | $ 7,042,411 | $ 6,903,644 | $ 7,374,778 | 4.1% |
| Operating Costs | 2,046,917 | 2,609,222 | 2,713,545 | 2,527,916 | 2,507,005 | -3.9% |
| Capital Outlay | 11,635 | - | 16,511 | 16,511 | - | N/A |
| Total | $ 8,500,018 | $ 9,694,655 | $ 9,772,467 | $ 9,448,071 | $ 9,881,783 | 1.9% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Revenues | $ 6,989,299 | $ 8,091,855 | $ 8,156,490 | $ 7,895,042 | $ 8,102,533 | 0.1% |
| Grants | 83,760 | 83,760 | 88,760 | 88,760 | 83,760 | 0.0% |
| Charges for Services | 1,389,673 | 1,498,540 | 1,498,540 | 1,450,269 | 1,531,865 | 2.2% |
| Other Revenues | 37,286 | 20,500 | 28,677 | 14,000 | 163,625 | 698.2% |
| Total | $ 8,500,018 | $ 9,694,655 | $ 9,772,467 | $ 9,448,071 | $ 9,881,783 | 1.9% |

# *PARKS & RECREATION - Administration*
# *BUDGET SUMMARY*

*The adopted budget for the Administration division reflects an overall expenditure increase of 5.5% from the 2025-26 budget. The 6.3% increase in personnel costs is attributed to a retirement increase, an increase in insurance costs, a salary increase, and impacts from the Pay & Classification Study. The operating budget has an increase of 2.5% due to slightly more budget for vehicle replacement compared to the previous year.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 1,303,099 | $ 1,417,336 | $ 1,417,336 | $ 1,387,053 | $ 1,506,629 | 6.3% |
| Operating Costs | 361,001 | 367,662 | 410,980 | 365,585 | 376,989 | 2.5% |
| Total | $ 1,664,100 | $ 1,784,998 | $ 1,828,316 | $ 1,752,638 | $ 1,883,618 | 5.5% |

# *PARKS & RECREATION - Parks Maintenance*
# *BUDGET SUMMARY*

*The adopted budget for the Parks Maintenance division reflects an overall expenditure decrease of 1% from last year's budget. The 4.3% increase in personnel costs is due to a retirement increase, an increase in insurance costs, and a salary increase, which is somewhat offset by turnover. Operating costs decreased 12.9% due to less budget for vehicle replacement, reduced fleet use charges, and reduced fuel costs.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 2,219,417 | $ 2,443,123 | $ 2,400,101 | $ 2,378,550 | $ 2,547,402 | 4.3% |
| Operating Costs | 745,376 | 1,086,632 | 1,143,057 | 1,032,678 | 946,025 | -12.9% |
| Capital Outlay | 11,635 | - | 16,511 | 16,511 | - | N/A |
| Total | $ 2,976,428 | $ 3,529,755 | $ 3,559,669 | $ 3,427,739 | $ 3,493,427 | -1.0% |

# *PARKS & RECREATION - Athletics*
# *BUDGET SUMMARY*

*The adopted budget for the Athletics division reflects an overall expenditure increase of 8.1% from the 2025-26 budget. The 3.3% increase in personnel costs reflects retirement, insurance, and salary increases, which are slightly offset by a reduction in workers compensation costs. The 15.2% increase in operating costs is attributed to added budget for athletic field maintenance and turf management, as well as an increase in electricity and water & sewer costs.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 576,434 | $ 669,678 | $ 669,678 | $ 671,229 | $ 691,780 | 3.3% |
| Operating Costs | 388,896 | 448,175 | 457,120 | 471,560 | 516,203 | 15.2% |
| Total | $ 965,330 | $ 1,117,853 | $ 1,126,798 | $ 1,142,789 | $ 1,207,983 | 8.1% |

# *PARKS & RECREATION - Community Center*
# *BUDGET SUMMARY*

*The adopted budget for the Community Center division reflects an overall expenditure decrease of 1.3% from the 2025-26 budget. The 2.4% increase in personnel costs reflects increased retirement and insurance costs and a salary increase, offset by a reduction in workers compensation costs. Operating costs decreased by 18.7% due to reduced electricity costs.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 621,363 | $ 681,963 | $ 681,963 | $ 675,747 | $ 698,343 | 2.4% |
| Operating Costs | 125,413 | 147,170 | 151,265 | 119,058 | 119,620 | -18.7% |
| Total | $ 746,776 | $ 829,133 | $ 833,228 | $ 794,805 | $ 817,963 | -1.3% |

# *PARKS & RECREATION - Aquatics*
# *BUDGET SUMMARY*

*The adopted budget for the Aquatics division reflects an overall expenditure increase of 0.5% from last year's budget. The 2% increase in personnel costs is due to retirement, insurance, and salary increases, which are somewhat offset due to turnover and reduced workers compensation costs. The 3.7% drop in operating costs can be mostly attributed to decreased electricity costs.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 891,095 | $ 1,050,982 | $ 1,050,982 | $ 955,099 | $ 1,072,146 | 2.0% |
| Operating Costs | 275,100 | 379,525 | 374,045 | 358,522 | 365,474 | -3.7% |
| Total | $ 1,166,195 | $ 1,430,507 | $ 1,425,027 | $ 1,313,621 | $ 1,437,620 | 0.5% |

# *PARKS & RECREATION - Hargraves*
# *BUDGET SUMMARY*

*The adopted budget for the Hargraves division reflects an overall expenditure increase of 3.9% from the 2025-26 budget. The 4.4% increase in personnel costs reflects a retirement increase, an increase in insurance costs, and a salary increase, which is slightly offset by a reduction in workers compensation costs. Operating costs increased by 1.5% due to slightly higher utility costs.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 830,058 | $ 822,351 | $ 822,351 | $ 835,966 | $ 858,478 | 4.4% |
| Operating Costs | 151,131 | 180,058 | 177,078 | 180,513 | 182,694 | 1.5% |
| Total | $ 981,189 | $ 1,002,409 | $ 999,429 | $ 1,016,479 | $ 1,041,172 | 3.9% |

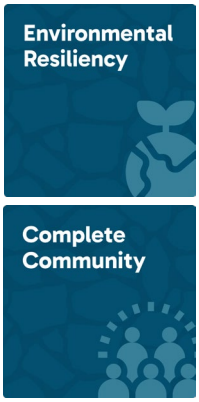
# *LIBRARY*

**MISSION STATEMENT**:
*Sparking Curiosity. Inspiring Learning. Creating Connections.*

The Chapel Hill Public Library Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Friendly and Helpful Customer Service** | Engaged, empowered, and well-trained staff who embody our values of opportunity, hospitality, and stewardship. | |
| **Relevant and Responsive Collections** | Curated collections of print and digital materials for all ages that reflect diverse community interests and demographics. | |
| **Community Engagement and Outreach** | Collaborative relationships and joint initiatives with a wide variety of organizations that help our community thrive. |  |
| **Diverse and Inclusive Public Programs** | Events and experiences for all ages that spark curiosity, inspire learning, and create connections. | |
| **Access to Current Technology and Digital Resources** | Devices, services, and infrastructure that support 21st century learning, working, and connecting. | |
| **Sustainable and Accessible Public Spaces** | Building and grounds that show our commitment to user experience, environmental sustainability, and accessibility. |  |

# *LIBRARY*
## Performance Measures

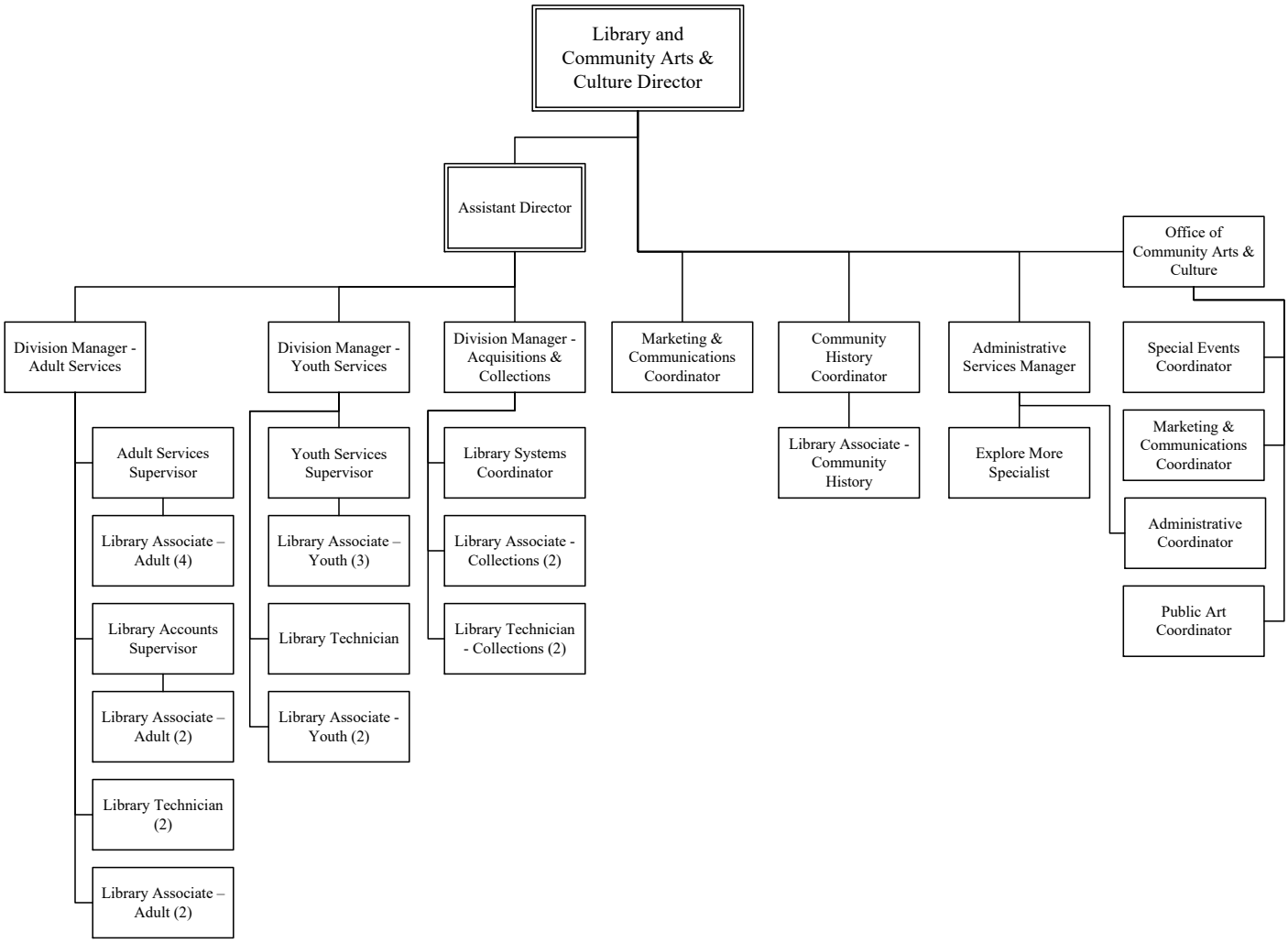



Strategic Objectives

- Increase engagement with community history
- Increase efforts to reduce the effects of climate change
- Increase equity, diversity & inclusion of library collections, programs, and services
- Improve usability & sustainability of library spaces and services

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Friendly and Helpful Customer Service | Conduct 2 Department-wide staff training & development days per year | 2 | 2 | 1 | 1 |
| | Provide quarterly customer service training opportunities for all staff members | met | met | met | meet |
| Diverse and Inclusive Public Programs | Total program attendance per 1,000 capita - greater than or equal to state average (state average FY24 = 316) | 285 | 351 | 357 | 200 |
| | Number of Summer Reading Program registered participants over previous year | 935 | -713 | 506 | 300 |
| Sustainable and Accessible Public Spaces | Number of events held in library meeting rooms for functions not sponsored, organized, or initiated by the library. | 456 | 456 | 903 | 350 |
| | Library visits per capita greater than state average (state average FY24 = 2.25) | 4.13 | 3.94 | 6.34 | 5.5 |
| | Pounds of compostable waste diverted from landfill per year | 7,416 | 7,085 | 10,564 | 9,000 |
| Relevant and Responsive Collections | Percentage of operating budget spent on collections equal to state average (state average FY24 = 10%) | 6% | 6.1% | 5.7% | 7% |
| | Circulation per registered borrower greater than state average (state average FY24 = 6.98) | 23.47 | 24.28 | 19.51 | 20 |
| | Collection expenditure per use less than state average (state average FY24 = $0.16) | $0.20 | $0.22 | .18 | $0.22 |
| Useful Technology and Digital Resources | Technology lending circulation | 1,338 | 671 | 906 | 500 |
| | Uses of public internet computers at library annually (public computing, studio, resource stations, and Youth and Family Experience area computers) | 18,556 | 19,706 | 20,041 | 20,000 |
| Community Engagement and Outreach | Number of off-site outreach services and events | 83 | 118 | 119 | 100 |
| | Volunteer service hours contributed to library | 3,977 | 3,188 | 3,678 | 2,800 |

# LIBRARY


Library and Community Arts & Culture Director
Assistant Director
Office of Community Arts & Culture
Division Manager - Adult Services
Division Manager - Youth Services
Division Manager - Acquisitions & Collections
Marketing & Communications Coordinator
Community History Coordinator
Administrative Services Manager
Special Events Coordinator
Adult Services Supervisor
Library Associate – Adult (4)
Library Accounts Supervisor
Library Associate – Adult (2)
Library Technician (2)
Library Associate – Adult (2)
Youth Services Supervisor
Library Associate – Youth (3)
Library Technician
Library Associate - Youth (2)
Library Systems Coordinator
Library Associate - Collections (2)
Library Technician - Collections (2)
Library Associate - Community History
Explore More Specialist
Marketing & Communications Coordinator
Administrative Coordinator
Public Art Coordinator

# *LIBRARY*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Library** | | | |
| Director - Library and CA&C | 1.00 | 1.00 | 1.00 |
| Assistant Director - Library and CA&C | 1.00 | 1.00 | 1.00 |
| Division Manager - Acquisitions & Collections | 1.00 | 1.00 | 1.00 |
| Division Manager - Adult Services | 1.00 | 1.00 | 1.00 |
| Division Manager - Youth Services | 1.00 | 1.00 | 1.00 |
| Community History Coodinator | 1.00 | 1.00 | 1.00 |
| Youth Services Supervisor | 1.00 | 1.00 | 1.00 |
| Adult Services Supervisor | 1.00 | 1.00 | 1.00 |
| Library Accounts Supervisor | 1.00 | 1.00 | 1.00 |
| Administrative Services Manager | 1.00 | 1.00 | 1.00 |
| Library Associate I | 12.03 | 12.03 | 13.00 |
| Library Associate II | 3.00 | 3.00 | 1.00 |
| Library Technician | 3.00 | 3.00 | 5.00 |
| Explore More Specialist | 0.50 | 0.50 | 0.50 |
| Library Systems Coordinator | 1.00 | 1.00 | 1.00 |
| Marketing & Communications Coordinator | 1.00 | 1.00 | 1.00 |
| Division Totals | 30.53 | 30.53 | 31.50 |
| **Community Arts & Culture** | | | |
| Public Art Coordinator | 1.00 | 1.00 | 1.00 |
| Marketing & Communications Coordinator | 1.00 | 1.00 | 1.00 |
| Special Events Coordinator | 1.00 | 1.00 | 1.00 |
| Adminstrative Coordinator | 1.00 | 1.00 | 1.00 |
| Division Totals | 4.00 | 4.00 | 4.00 |
| Library Department Totals | 34.53 | 34.53 | 35.50 |

# *LIBRARY*
# *BUDGET SUMMARY*

*The adopted budget for the Library reflects an overall expenditure increase of 5.7% from the 2025-26 budget. The 7.4% increase in personnel is the result of a retirement increase, an increase in insurance costs, a salary increase, impacts from the Pay & Classification Study, and a new Library Associate position. The operating budget decreased 0.6% mainly due to reduced electricity costs.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 3,601,084 | $ 3,902,678 | $ 3,893,913 | $ 3,909,826 | $ 4,192,719 | 7.4% |
| Operating Costs | 958,960 | 1,079,867 | 1,095,407 | 1,075,475 | 1,073,865 | -0.6% |
| Total | $ 4,560,044 | $ 4,982,545 | $ 4,989,320 | $ 4,985,301 | $ 5,266,584 | 5.7% |

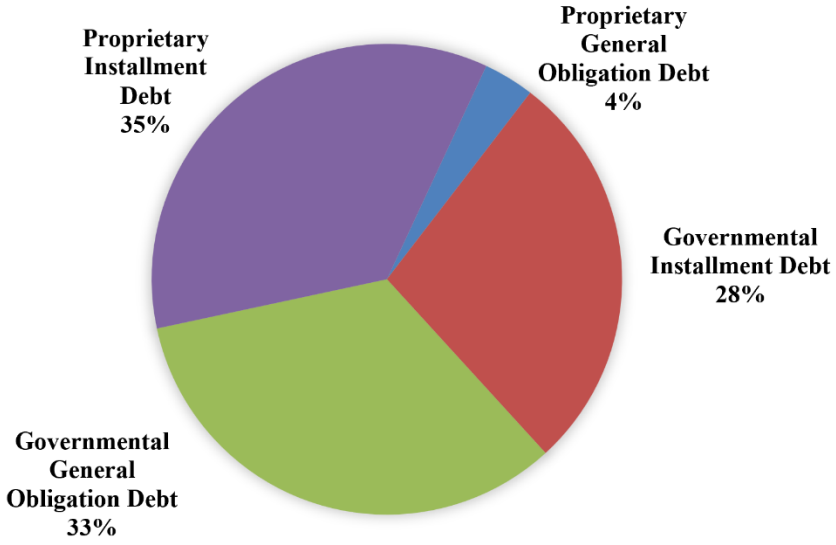
## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| General Fund | $ 3,771,932 | $ 4,191,722 | $ 4,198,497 | $ 4,206,073 | $ 4,485,956 | 7.0% |
| Grants | 660,888 | 660,323 | 660,323 | 661,228 | 661,228 | 0.1% |
| Charges for Services | 69,406 | 72,000 | 72,000 | 64,000 | 65,400 | -9.2% |
| Other Revenues | 12,817 | 13,500 | 13,500 | 9,000 | 9,000 | -33.3% |
| Transfers/Other Sources | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 0.0% |
| Total | $ 4,560,044 | $ 4,982,545 | $ 4,989,320 | $ 4,985,301 | $ 5,266,584 | 5.7% |

# *DEBT SERVICE FUND*

The Debt Service Fund accounts for the principal and interest payments for the Town's general obligation bonds and limited obligation bonds issued for projects such as the construction of the East Rosemary Parking Deck and the upcoming replacement of Fire Station 4.

**TOTAL DEBT**



# *DEBT & BOND RATINGS*

## Outstanding Debt

As of June 30, 2026, the Town had about $144.6 million in debt outstanding. As shown in the following table, this consists of General Obligation (G.O.) debt, Limited Obligation (LOBS) debt, installment financings, and leases as well as employee-related obligations such as separation allowance and compensated absences.

| | Long-Term Debt June 30, 2026 |
|---|---|
| **Governmental Debt** | |
| General obligation debt | $ 44,637,000 |
| Limited Obligation Bonds | 8,272,000 |
| Installment debt | 2,572,000 |
| Lease | 26,255,000 |
| Separation allowance | 6,516,000 |
| Compensated absences | 3,691,000 |
| **Total** | $ 91,943,000 |
| **Proprietary Fund Debt** | |
| Enterprise Funds | |
| General obligation debt | $ 4,660,000 |
| Limited Obligation Bonds | 40,430,000 |
| Installment debt | 6,706,000 |
| Compensated absences | 857,000 |
| **Total** | $ 52,653,000 |

In June 2025, the Town issued $13.83 million of G.O. bonds. The G.O. bonds were issued for the following uses: public facilities $1.23 million, affordable housing $3.5 million, streets & sidewalks $5.4 million, parks facilities $0.5 million, and stormwater $3.2 million.

In September 2024, The Town negotiated a 15-year lease for the Town's Police Headquarters, Emergency Operations Center, and Technology Solutions department. Move-in and lease commencement was October 2025.

In June 2024, the Town issued $16.1 million in Limited Obligation Bonds (LOBS) as follows: $12.1 million to complete construction of the East Rosemary Parking Deck, $2.3 million for a fire ladder truck, and $1.7 million to upfit the new police department.

In March 2023, the Town issued $12.9 million of G.O. bonds. The G.O. bonds were issued for the following uses: streets & sidewalks $7.7 million and affordable housing $5.245 million.

In March 2023, the Town issued $1.98 million of two-thirds bonds for the purchase of public safety radio equipment.

Also in March 2023, the Town closed on an installment financing for $8.155 million for the purchase of 8 transit buses. The buses were financed for a 10-year term at an interest rate of 3.29%. The Chapel Hill Transit funding partners (Carrboro, UNC, and Chapel Hill) are sharing the cost of repaying the debt.

In August 2021, the Town issued $58.2 million in Limited Obligation Bonds (LOBS) as follows: $39.4 million for the East Rosemary Parking Deck, a 1,100-space deck; $6.5 million for Phase II of the Ephesus Fordham public improvements; $1.5 million for the refunding of the 2015 installment purchase agreement; and $10.8 million for the refunding of the 2012 LOBS.

In May 2021, the Town closed on $3.205 million of two-thirds bonds which were used for parks and recreation, public safety, and streets and sidewalks and $4.755 million of G.O. bonds for affordable housing projects.

In November 2019, the Town sold $9.505 million of G.O. refunding bonds to pay off the remaining 2010 Build America Bonds that were issued for the library expansion. The refunding bonds sold at a very competitive interest rate of 1.42%, resulting in net present value savings of $784,954.

In April 2018, the Town closed on $12.5 million of G.O. bonds. The G.O. bonds were issued for stormwater $2.7 million, parks and recreation facility improvements $4.3 million, and streets & sidewalks $5.5 million.

In February 2017, the Town closed $9 million of G.O. bonds. The G.O. bonds were issued for trails and greenways $5 million, parks and recreation facility improvements $1 million, and street & sidewalk projects $3 million. The G.O. bonds were the first issuance from the successful 2015 Bond Referendum.

Also in February 2017, the Town closed on an installment financing for $6.408 million for the purchase of 14 transit buses. The buses were financed for a 10-year term at an interest rate of 2.09%. The Chapel Hill Transit funding partners (Carrboro, UNC, and Chapel Hill) are sharing the cost of repaying the debt.

In March 2016, the Town completed a combined installment financing for streets and buildings for $7.984 million. The financing had a 15-year term and net interest cost of 2.32%.

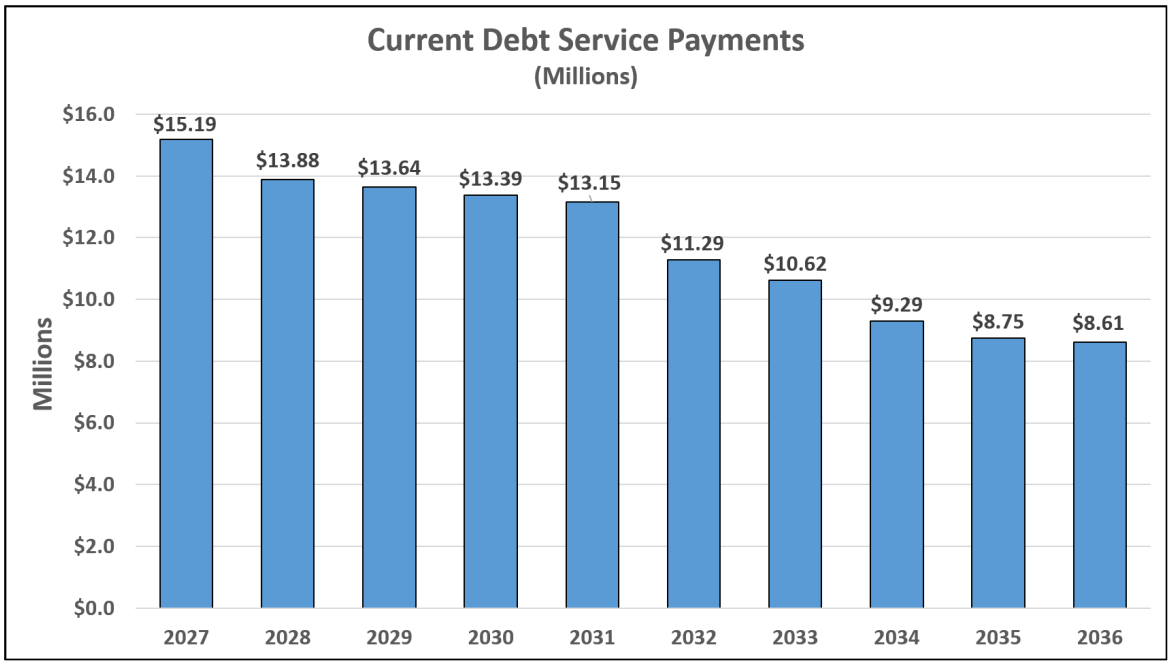
In February 2013, the Town sold $3.05 million of G.O. refunding bonds. The refunding bonds sold at a very competitive interest rate of 2.02%, resulting in net present value savings of $158,563.

In May 2012, the Town sold $1.7 million of two-thirds G.O. bonds and $4.655 million in G.O. refunding bonds. The refunding bonds closed in FY12 with a rate of 2.26%, generating $432,217 in net present value savings. The two-thirds bonds closed in FY13, with a rate of 1.42%.

**Current Debt Obligations**

The Town has a rapid pay-down of debt which is typically about 70% of existing debt is scheduled to be retired within 10 years. The Town's 10-year payout is currently 69.6%.

The Town's long-term debt payments for existing G.O. bonds and installment finance debt, for all funds, are shown below for the next ten years:




*(Includes enterprise financings that are not paid from the Debt Fund)*

**Future Additional Debt**

In November 2024, the Town held a general obligation bond referendum. All five of the bond orders that appeared on the ballot were approved by the voters. The amount of authority approved by the voters, by bond order, the amounts issued through June 30, 2026, and the balance of authority remaining are shown in the following table.

| BOND ORDER | AUTHORITY | ISSUED | BALANCE |
|---|---|---|---|
| Public Facilities | $ 15,000,000 | $ 1,230,000 | $ 13,770,000 |
| Affordable Housing | 15,000,000 | 3,500,000 | 11,500,000 |
| Streets & Sidewalks | 7,500,000 | 5,400,000 | 2,100,000 |
| Recreation Facilities | 4,500,000 | 500,000 | 4,000,000 |
| Open Space & Greenways | 2,000,000 | 0 | 2,000,000 |
| **Total** | **$ 44,000,000** | **$ 10,630,000** | **$ 33,370,000** |

In November 2018, the Town held a general obligation bond referendum for $10 million. There was one bond order that appeared on the ballot, and it was approved by the voters. The full amount of the referendum authority has been issued.

In November 2015, the Town held a general obligation bond referendum for $40.3 million. All five of the bond orders that appeared on the ballot were approved by the voters. Authority for issuing these bonds expired in November 2025.

The projects planned for each of the bond orders were identified through the Town's capital planning process, which includes consideration of multiple master plans, special studies, and public facility assessments. Through this process, several large-scale projects were identified that could be financed through G.O. Bonds.

**Debt Limits**

By State law, local governments may issue debt totaling 8% of the total assessed value of its property tax base. The 8% limit applies to G.O. bonds and limited obligation bonds.

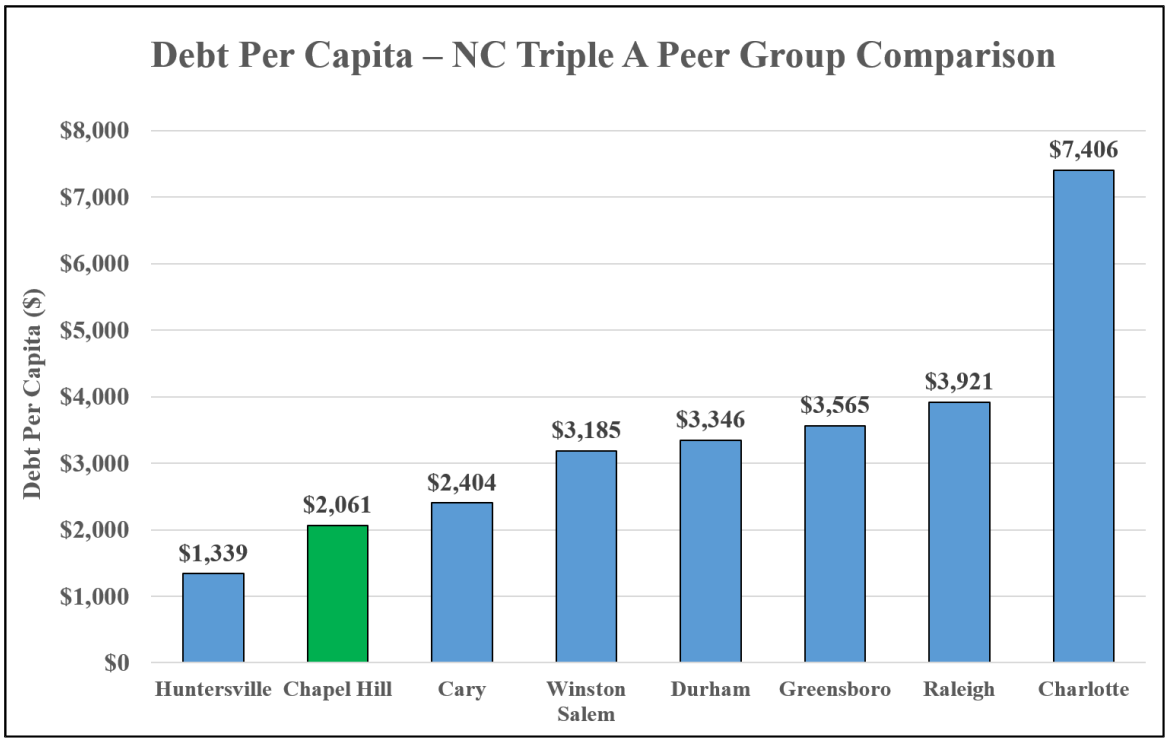
Outstanding debt in most governmental units falls well below the 8% of the total assessed value limit and typically ranges from about 1% to 4% for most governments, depending on the utility enterprises operated by the unit.

As of June 30, 2026, the Town had $49,297,000 in outstanding G.O. Bonds that apply to this limit. The total is less than 1% of the Town's June 30, 2026 tax base ($13.9 billion).

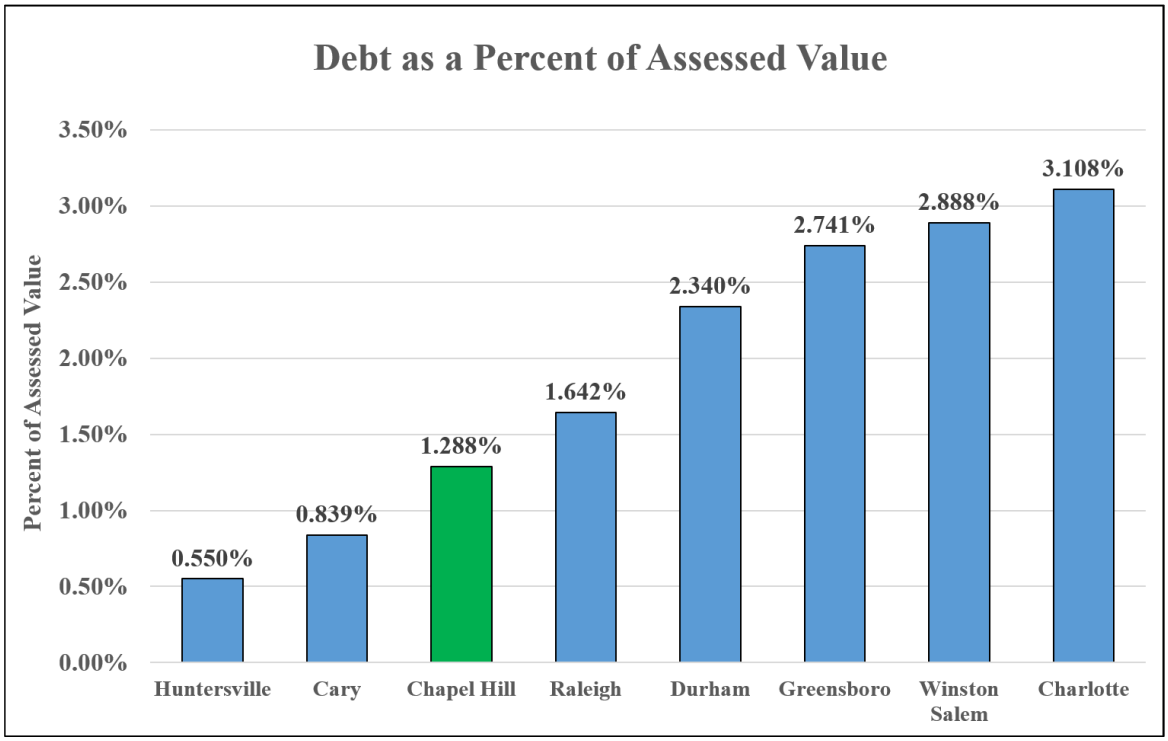
**Debt Benchmarks**

The Town's annual General Fund G.O. bond, installment financing, and lease debt service for FY 27 is about $10.86 million ($8.90 million included in the debt service fund + $1.96 million included in the parking fund), or about 10.9% of the adopted General Fund budget. As a percentage of adopted governmental funds budgets (Debt Management Fund and General Fund), debt service costs are about 9.8%. Annual debt service is considered to be low to moderate if it is less than 10% of the annual governmental appropriations. Our projections show that we will have debt service levels between 9.2% and 12.6% of governmental budgets for the next several years as borrowing increases to meet capital needs. We will continue to monitor this indicator, because it is one of numerous factors used to determine the Town's credit rating.

Two commonly used debt burden measures are debt per capita and debt as a percentage of assessed value. The Town's values for these two benchmarks compared to other triple A rated credits in North Carolina are shown in the following graphs. For both benchmarks, the Town is slightly below the average for the triple A peer group. This suggests that the Town's debt levels are on par with other highly rated jurisdictions.




(Ratios of total outstanding G.O.B. debt, authorized & unissued G.O.B. debt, and IP debt, excluding enterprise, for NC populations with a triple A rating. Source: Analysis of Debt of NC Municipalities 6/30/2025, Department of State Treasurer, Division of State and Local Government Finance.)




(Ratios of total outstanding G.O.B. debt, authorized & unissued G.O.B. debt, and IP debt, excluding enterprise, for NC populations with a triple A rating. Source: Analysis of Debt of NC Municipalities 6/30/2025, Department of State Treasurer, Division of State and Local Government Finance.)

# *DEBT & BOND RATINGS*

**Bond Ratings**

| | |
|---|---|
| **Moody's** | **AAA** |
| **Standard & Poor's** | **AAA** |

The Town's bond ratings evidence its financial strength. When the Town issues G.O. bonds or other securities, rating agencies reevaluate the Town's current and future ability to repay debt. As a part of the evaluations, the agencies examine the Town's management, reserves, current debt obligations, community growth, and stability of key revenue sources. Because of a solid employment base in and around the Town of Chapel Hill and the Town's careful management of resources, the Town has maintained especially high bond ratings for a municipality of its size. Both Moody's Investor Services and Standard and Poor's affirmed the Town's triple A General Obligation Bond Rating for the June 2025 issuance of G.O. Bonds. Triple A is the highest rating attainable for G.O. Bonds.

# *DEBT SERVICE FUND*
# *BUDGET SUMMARY*

*The Debt Service Fund is used to account for debt payments on the Town's general obligation bonds issued for capital improvement projects and on the limited obligation bonds. In FY 2008-09, a portion of the property tax rate was allocated to debt service payments to pay the Town's debt service. The FY 2026-27 budget sees the Debt Service Fund tax rate hold steady at 6.6 cents.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Principal Payments | $ 6,392,000 | $ 4,910,000 | $ 5,445,000 | $ 5,445,000 | $ 5,325,000 | 8.5% |
| Interest Expense | 2,117,677 | 1,899,429 | 2,206,290 | 2,206,290 | 2,171,171 | 14.3% |
| Bond Issuance Costs | 49,438 | - | - | - | - | N/A |
| Lease Financing | - | - | 797,442 | 797,442 | 1,398,940 | N/A |
| Transfer to Parking Fund | 431,121 | 1,957,868 | 1,957,868 | 1,957,868 | 1,957,868 | 0.0% |
| Contribution to Reserve | 1,416,552 | 1,016,803 | - | 367,500 | - | -100.0% |
| Total | $ 10,406,788 | $ 9,784,100 | $ 10,406,600 | $ 10,774,100 | $ 10,852,979 | 10.9% |

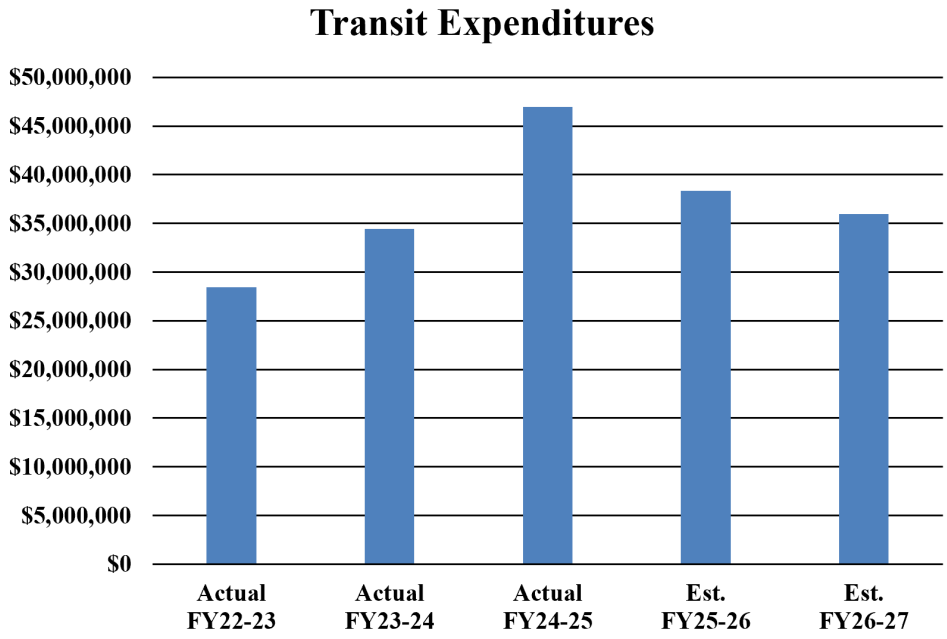
## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Property Taxes | $ 8,643,506 | $ 8,739,000 | $ 8,739,000 | $ 9,229,000 | $ 9,329,000 | 6.8% |
| Transfer from General Fund | 445,100 | 445,100 | 445,100 | 445,100 | 445,100 | 0.0% |
| Interest Income | 1,318,182 | 600,000 | 600,000 | 1,100,000 | 675,000 | 12.5% |
| Appropriated Fund Balance | - | - | 622,500 | - | 403,879 | N/A |
| Total | $ 10,406,788 | $ 9,784,100 | $ 10,406,600 | $ 10,774,100 | $ 10,852,979 | 10.9% |

# *TRANSIT FUND*



The Transit Fund is used to account for the operations of the Town's public transit system.



# *TRANSIT*

**MISSION STATEMENT**:
*Chapel Hill Transit's mission is to provide safe, convenient, reliable, and responsive public transportation services to residents and visitors of the Chapel Hill, Carrboro, and University of North Carolina communities; to be accessible, efficiently operated, and supportive of a healthy environment and a sustainable local economy; and to connect and coordinate with other transportation means in the area.*

The Transit Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Fixed-Route Bus Service** | Provide public transportation for the Towns of Chapel Hill and Carrboro and the University of North Carolina-Chapel Hill (UNC). CHT provides fare-free fixed-route bus service on 20 weekday and 9 weekend routes, utilizing 99 transit buses. Includes local, express, regional express and Tar Heel Express routes. |  |
| **Demand-Response Service** | Provide ADA Paratransit service within three-quarter miles of each fixed route for persons with a qualified disability who are unable to use fixed-route services, utilizing 20 lift-equipped vehicles. The service operates the same days and times as fixed-route services. | |
| **Maintenance** | Maintain and repair CHT fleet of 119 buses/vans and 24 support/maintenance vehicles. Responsible for general maintenance of the transit facility and all customer amenities (e.g. shelters, benches, trash cans, etc.). |  |
| **Administration and Finance** | Manage all aspects of the transit system, including: Administration and Finance, Short and Long Range Planning, Regional Service Coordination, Grant Management (Federal and State), Marketing and Public Relations. |  |
| **Transit Advertising** | Maintain a viable advertising sales business for the transit system. Coordinate with advertisers, third-party ad developers, and others to generate revenues for the Transit Fund. | |

# *TRANSIT*
## Performance Measures




### Strategic Objectives

- Maintain favorable productivity levels.
- Demand response services will be on time (arriving within the 20 minute pick-up window) at least 90 percent of the time.
- Keep the rate of demand response accidents at three or fewer per 100,000 miles.
- Keep the rate of demand response preventable accidents at one or fewer per 100,000 miles.
- Fixed route services will operate according to published schedules at least 90% of the time.
- Keep customer complaints rate low – i.e., no more than 15 complaints per 100,000 fixed route trips and no more than 2 complaints per 100 demand response rides.
- Keep the rate of fixed route accidents at three or fewer per 100,000 miles.
- Keep the rate of preventable fixed route accidents at one per 100,000 miles.
- Comply with preventative maintenance schedule for all vehicles at least 90% of the time.
- Maintain a Fixed Route and Demand Response fleet age that is within industry standards in compliance with federal recommendations.

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Demand-Response Service | Number of passengers per total mile in demand response paratransit service | 0.15 | 0.17 | 0.19 | 0.21 |
| | Cost per hour for demand response paratransit services | $89.26 | $95.50 | $98.23 | $98.00 |
| | On-time performance percentage | 86% | 88.06% | 89.94% | 90% |
| | Demand Response collisions per 100,000 miles | 3.91 | 3.61 | 3.29 | 3.00 |
| | Preventable demand response collisions per 100,000 miles | 1.30 | 1.27 | 1.41 | 1.00 |
| Fixed-Route Bus Service | Number of passengers per total mile in fixed route transit service | 1.95 | 2.1 | 2.09 | 2.8 |
| | Cost per hour for fixed route services | $148.71 | $121.07 | $122.41 | $125.00 |
| | Complaints per 100,000 fixed route trips | 12.05 | 8.3 | 6.14 | 6.50 |
| | Fixed Route collisions per 100,000 miles | 3.55 | 3.94 | 3.51 | 3.00 |
| | Preventable Fixed Route collisions per 100,000 miles | 1.03 | 1.08 | 1.36 | 1.00 |

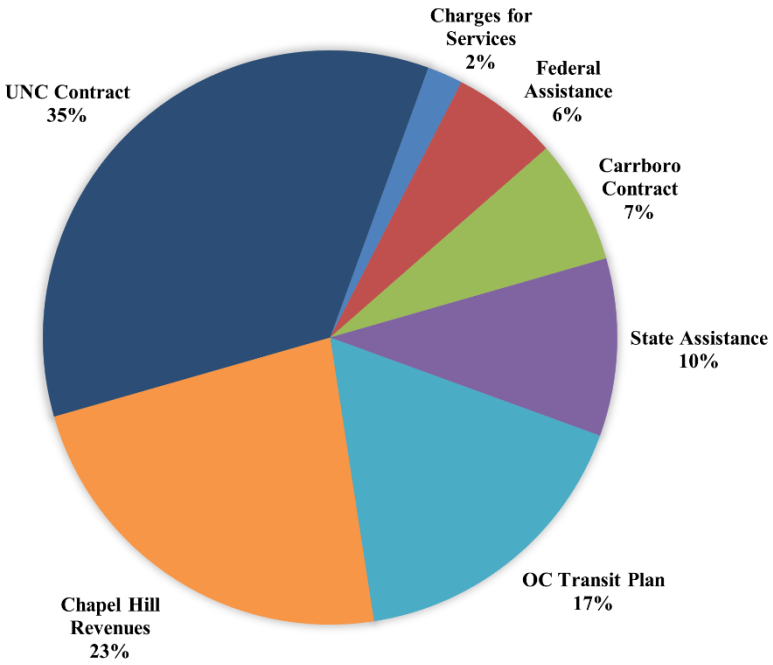
| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Maintenance | Number of service miles between road calls that may interrupt (DR) | 54,498 | 84,897.5 | 70,779 | 150,000 |
| | Number of service miles between road calls that may interrupt (FR) | 13,078 | 15,310.5 | 20,894 | 16,000 |
| | Compliance with preventative maintenance percentage | 100% | 100% | 100% | 100% |
| Administration and Finance | Passengers per Revenue Hour (DR) | 2.32 | 2.35 | 2.91 | 2.65 |
| | Passengers per Revenue Hour (FR) | 29.29 | 27.85 | 28.13 | 32.00 |
| | Passengers per Revenue Mile (DR) | 0.17 | 0.21 | 0.23 | 0.22 |
| | Passengers per Revenue Mile (FR) | 2.51 | 2.35 | 2.39 | 2.60 |
| | Average age of fleet vehicle (DR) | 6.22 | 7.55 | 5.64 | 4.27 |
| | Average age of fleet vehicle (FR) | 9.13 | 11.23 | 8.89 | 6.70 |

# *TRANSIT FUND*
## *Major Revenue Sources - Descriptions and Estimates*

The Town provides public transit services for the Town of Chapel Hill and the neighboring Town of Carrboro and the University of North Carolina. The two towns and the university share annual operating costs of the transit system on a contractual basis. In 2001, the Town initiated fare-free services for the transit system, eliminating fare box and pass sale revenues previously collected. (One exception is the Tar Heel Express service provided for athletic events and other special events held by the University.)

The adopted budget for the Transit Fund for fiscal year 2026-27 totals about $35.9 million, a decrease of 1.5% from 2025-26. Below is a description of the major revenue sources for the Transit Fund and the pie chart below shows major revenue sources for fiscal year 2026-27. Please note that due to the partnership between the Town of Chapel Hill, Town of Carrboro, and the University of North Carolina, some financial aspects are still being discussed by the partners and are subject to change.

**FY2026-27 TRANSIT REVENUES**




**Federal Operating Assistance**

The Transit system receives an operating assistance allocation each year from the federal government based on a variety of factors and funding formulas. We estimate federal funding for operations to remain level at $2.3 million in FY26-27. No federal operating grants are anticipated at this time. Grants will be sought for 2026-27 as opportunities arise and will be added to the budget through amendment if awarded.

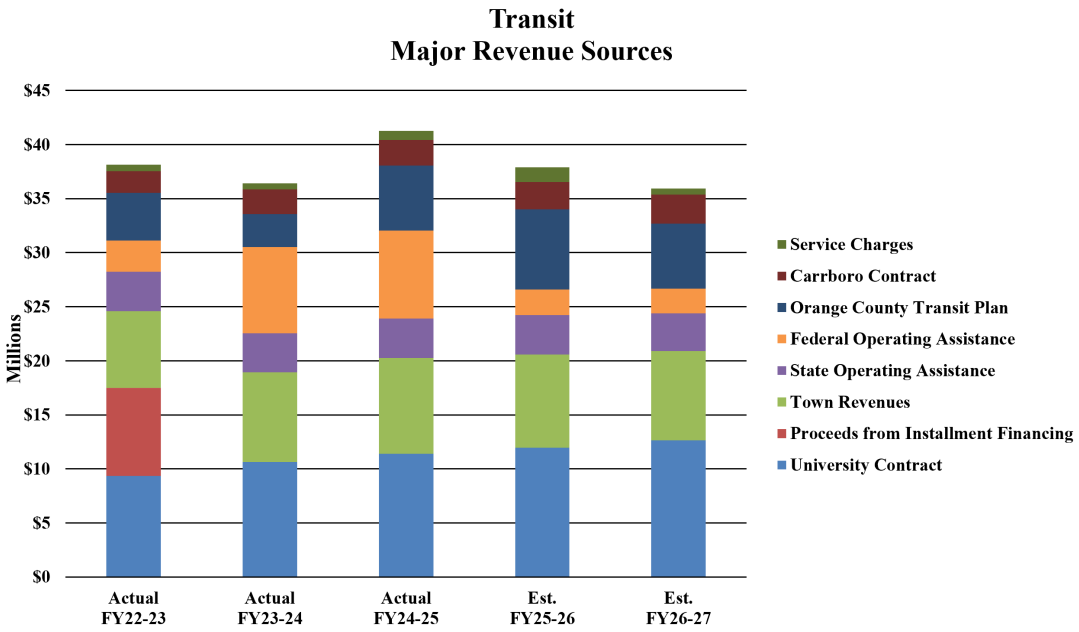
# *TRANSIT FUND*
## *Major Revenue Sources - Descriptions and Estimates*

**State Operating Assistance**
The Transit system also receives an operating assistance allocation each year from the State of North Carolina, which is based on a formula involving various operating statistics for the system. This allocation is anticipated to increase slightly in FY2026-27 to $3.5 million.

**University Contract**
The University of North Carolina contracts with the Town for bus service for routes on and surrounding the campus of the University and UNC Health Care System. The University contract also covers routes determined to serve mainly students and employees of the University. The cost of these services is based on cost sharing arrangements among the Town, the University, and Carrboro, as approved in an annual contract agreement. The University's contracted share was about $11.4 million in 2024-25 and $11.9 million in 2025-26. UNC's allocation for 2026-27 is up to $12.6 million.

**Carrboro Contract**
The Town of Carrboro also contracts with the Town for transit service with costs based on an annual contract agreement. Carrboro's cost for 2025-26 was about $2.5 million and the budget for 2026-27 increased to just under $2.7 million based on the funding formula.

**Town Revenues**
The Town's share of cost for the Transit system is funded primarily by a property tax levy for transit. The cost share in the adopted budget for the Transit Fund in fiscal year 2026-27 is about $8.26 million. Also included in Town revenues are interest income and $450,000 for vehicle license fees.



# *TRANSIT FUND*
## *Major Revenue Sources - Descriptions and Estimates*

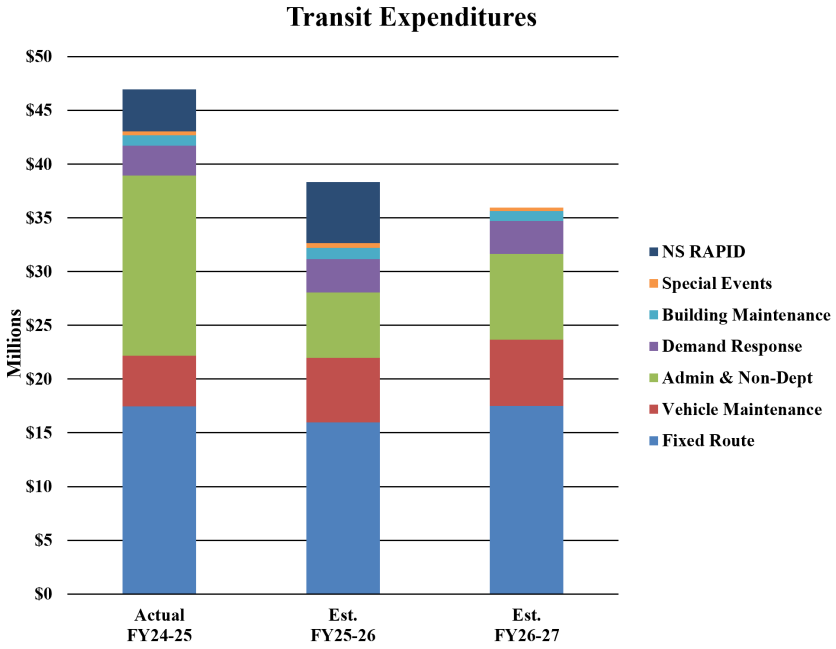
**Orange County Transit Plan**
The 2026-27 budget includes operating and capital funds from the Orange County Transit Plan, which was approved by the Orange County Board of Commissioners and the GoTriangle Board of Trustees in April 2017. This funding is utilized locally for capital projects, including the NS RAPID project (formerly North-South Bus Rapid Transit, or NSBRT), and is also put toward previous and future service expansions. Based on actual revenues received over the past couple of years, revenues are budgeted to decrease by 15.9% from $7.2 million in 2025-26 to just over $6 million in 2026-27.

**Charges for Service**
The adopted budget for 2026-27 includes revenue from fees for use of Town park and ride lots, estimated to remain level at $32,000. Another revenue source in this category, the bus route between Chapel Hill and Hillsborough that Chapel Hill Transit formerly operated for GoTriangle, is no longer in the budget for FY27.

Other revenues expected for the system include $300,000 in fares for the Tar Heel Express service and $150,000 in bus advertising revenue, both of which are decreases from the previous fiscal year's budget based on actual revenues received in the past couple of years.

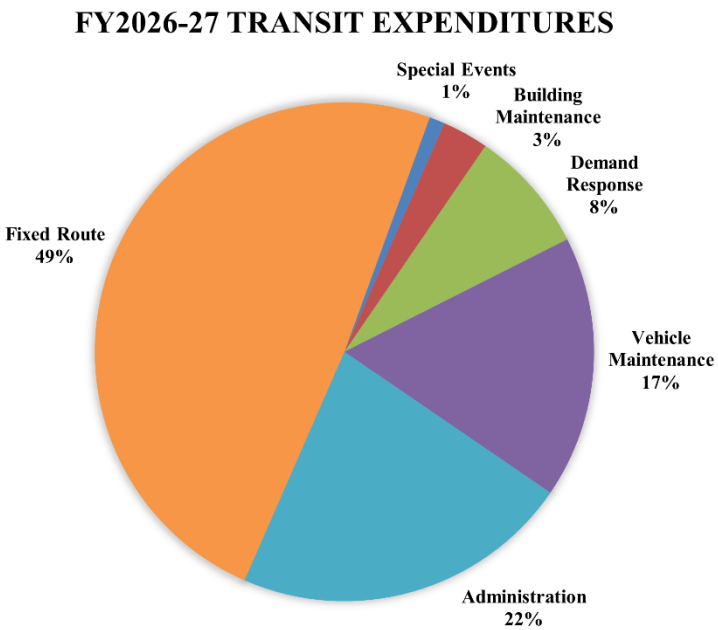
**Fund Balance**
The 2026-27 adopted budget was balanced with no appropriation of fund balance.

# *TRANSIT FUND*
## *Major Expenditures - Descriptions and Estimates*

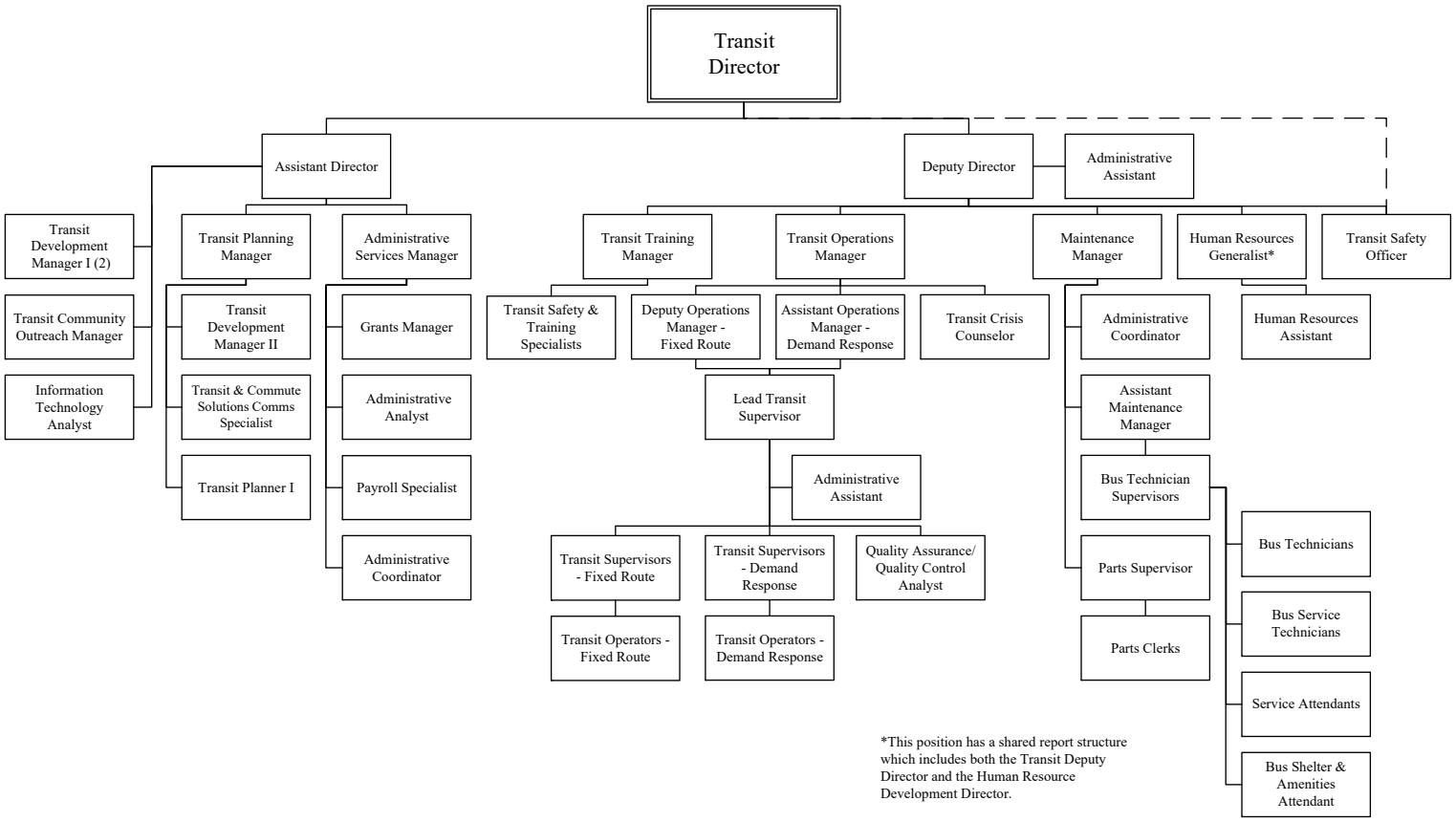



The adopted budget for Transit for 2026-27 continues to provide fare-free services for fixed routes in the system and totals $35.9 million. Major expenditures of the system consist primarily of personnel, operating, and maintenance costs for a planned fleet of 99 buses, 20 cutaway EZ Rider vehicles, 20 operations support vehicles, and 4 maintenance service trucks that provide transit service to the entire community. Operational costs total about $20.9 million and Maintenance costs total about $7.1 million.

Expenditures for 2026-27 include a 4% of market pay increase, an increase in insurance costs, and a 0.75% retirement increase. The budget also includes $184,800 for other post-employment benefits (OPEB).



# TRANSIT


Transit Director
Assistant Director
Deputy Director
Administrative Assistant
Transit Development Manager I (2)
Transit Planning Manager
Administrative Services Manager
Transit Training Manager
Transit Operations Manager
Maintenance Manager
Human Resources Generalist*
Transit Safety Officer
Transit Community Outreach Manager
Transit Development Manager II
Grants Manager
Transit Safety & Training Specialists
Deputy Operations Manager - Fixed Route
Assistant Operations Manager - Demand Response
Transit Crisis Counselor
Administrative Coordinator
Human Resources Assistant
Information Technology Analyst
Transit & Commute Solutions Comms Specialist
Administrative Analyst
Lead Transit Supervisor
Assistant Maintenance Manager
Transit Planner I
Payroll Specialist
Administrative Assistant
Bus Technician Supervisors
Bus Technicians
Administrative Coordinator
Transit Supervisors - Fixed Route
Transit Supervisors - Demand Response
Quality Assurance/ Quality Control Analyst
Parts Supervisor
Bus Service Technicians
Transit Operators - Fixed Route
Transit Operators - Demand Response
Parts Clerks
Service Attendants
Bus Shelter & Amenities Attendant
*This position has a shared report structure which includes both the Transit Deputy Director and the Human Resource Development Director.

# *TRANSIT*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Administration** | | | |
| Director - Transit | 1.00 | 1.00 | 1.00 |
| Deputy Director - Transit Operations | 1.00 | 1.00 | 1.00 |
| Assistant Director - Transit Admin | 1.00 | 1.00 | 1.00 |
| Administrative Services Manager | 1.00 | 1.00 | 1.00 |
| Transit Community Outreach Manager | 1.00 | 1.00 | 1.00 |
| Administrative Analyst | 1.00 | 1.00 | 1.00 |
| Grants Manager | 1.00 | 1.00 | 1.00 |
| Transit Development Manager I | 1.00 | 1.00 | 1.00 |
| Transit Development Manager II | 1.00 | 1.00 | 1.00 |
| Administrative Assistant | 2.00 | 1.00 | 1.00 |
| Human Resources Generalist | 1.00 | 1.00 | 1.00 |
| Transit Planning Manager | 1.00 | 1.00 | 1.00 |
| Payroll Specialist | 1.00 | 1.00 | 1.00 |
| Information Technology Analyst | 1.00 | 1.00 | 1.00 |
| Transit & Commute Solutions Comms Specialist[1] | 1.00 | 1.00 | 1.00 |
| Transit Planner I | 1.00 | 1.00 | 1.00 |
| Administrative Coordinator | 0.00 | 1.00 | 1.00 |
| Human Resources Assistant | 0.00 | 1.00 | 1.00 |
| Quality Assurance/Quality Control Analyst | 0.00 | 1.00 | 1.00 |
| Division Totals | 17.00 | 19.00 | 19.00 |
| **Operations** | | | |
| Transit Safety Officer | 1.00 | 1.00 | 1.00 |
| Transit Development Manager I | 1.00 | 1.00 | 1.00 |
| Lead Transit Supervisor | 1.00 | 1.00 | 1.00 |
| Transit Crisis Counselor | 1.00 | 1.00 | 1.00 |
| Transit Training Manager | 1.00 | 1.00 | 1.00 |
| Transit Operations Manager | 1.00 | 1.00 | 1.00 |
| Deputy Operations Manager - Fixed Route | 1.00 | 1.00 | 1.00 |
| Assistant Operations Manager - Demand Response | 1.00 | 1.00 | 1.00 |
| Transit Supervisor | 10.00 | 10.00 | 10.00 |
| Transit Operator - Demand Response | 17.00 | 15.00 | 15.00 |
| Transit Operator - Fixed Route | 118.66 | 120.66 | 120.66 |
| Service Attendant | 1.00 | 0.00 | 0.00 |
| Transit Safety & Training Specialist | 4.00 | 4.00 | 4.00 |
| Administrative Assistant | 1.00 | 1.00 | 1.00 |
| Division Totals | 159.66 | 158.66 | 158.66 |

*continued*

# *TRANSIT*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Maintenance** | | | |
| Maintenance Manager | 1.00 | 1.00 | 1.00 |
| Assistant Maintenance Manager | 1.00 | 1.00 | 1.00 |
| Bus Technician Supervisor | 3.00 | 3.00 | 3.00 |
| Bus Technician (I, II, Senior) | 15.00 | 15.00 | 15.00 |
| Bus Service Technician | 3.00 | 3.00 | 3.00 |
| Administrative Coordinator | 1.00 | 1.00 | 1.00 |
| Parts Supervisor | 1.00 | 1.00 | 1.00 |
| Parts Clerk | 2.00 | 2.00 | 2.00 |
| Service Attendant | 7.00 | 7.00 | 7.00 |
| Bus Shelter & Amenities Attendant | 1.00 | 1.00 | 1.00 |
| Division Totals | 35.00 | 35.00 | 35.00 |
| Transit Department Totals | 211.66 | 212.66 | 212.66 |

[1] This position is grant-funded.

# *TRANSIT*
# *BUDGET SUMMARY*

*The budget for the Transit Department continues fare-free service. Federal assistance has remained flat and state assistance has gone up slightly for FY26-27, while partner revenues from the Town of Carrboro and the University of North Carolina at Chapel Hill have increased. Overall, revenues in the 2026-27 adopted budget have decreased slightly due to no new funding from the Orange County Transit Plan for the NS RAPID project and due to reduced charges for services, as Go Triangle now operates the bus route between Chapel Hill and Hillsborough. Cost increases include increases to retirement, insurance, and pay, as well as increased budget for vehicles, fuel, and demand response software.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Admin & Non-Dept | $ 16,782,162 | $ 6,025,407 | $ 11,466,864 | $ 6,079,973 | $ 7,982,521 | 32.5% |
| Grant-Funded | - | - | 548,000 | - | - | N/A |
| NS RAPID Project | 3,899,002 | 4,000,000 | 14,932,164 | 5,663,361 | - | -100.0% |
| Fixed Route | 17,449,038 | 16,494,122 | 17,668,079 | 15,980,868 | 17,478,707 | 6.0% |
| Demand Response | 2,757,608 | 2,775,328 | 3,667,155 | 3,110,818 | 3,060,445 | 10.3% |
| Special Events | 365,329 | 318,125 | 499,328 | 469,357 | 318,932 | 0.3% |
| Vehicle Maintenance | 4,710,673 | 5,968,547 | 5,440,783 | 5,988,899 | 6,193,723 | 3.8% |
| Building Maintenance | 967,516 | 900,446 | 1,775,317 | 1,031,715 | 911,818 | 1.3% |
| Total | $ 46,931,328 | $ 36,481,975 | $ 55,997,690 | $ 38,324,991 | $ 35,946,146 | -1.5% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Charges for Services | $ 867,274 | $ 1,320,000 | $ 1,486,422 | $ 1,381,000 | $ 574,000 | -56.5% |
| Federal Assistance | - | 2,300,000 | 2,300,000 | 2,300,000 | 2,300,000 | 0.0% |
| Federal Ops Grants | 8,134,600 | 52,000 | 275,000 | 52,000 | - | -100.0% |
| State Assistance | 3,631,704 | 3,400,000 | 3,418,991 | 3,650,695 | 3,500,000 | 2.9% |
| Orange County Transit Plan | 6,000,524 | 7,159,936 | 7,409,936 | 7,409,936 | 6,018,053 | -15.9% |
| UNC Contract | 11,390,444 | 11,952,960 | 11,952,960 | 11,952,960 | 12,624,606 | 5.6% |
| Carrboro Contract | 2,368,794 | 2,514,824 | 2,514,824 | 2,514,824 | 2,673,487 | 6.3% |
| Chapel Hill Revenues | 8,878,967 | 7,782,255 | 7,782,255 | 8,632,255 | 8,256,000 | 6.1% |
| Appropriated Fund Balance | 5,659,021 | - | 18,857,302 | 431,321 | - | N/A |
| Total | $ 46,931,328 | $ 36,481,975 | $ 55,997,690 | $ 38,324,991 | $ 35,946,146 | -1.5% |

# *TRANSIT - ADMINISTRATION DIVISION*

**MISSION STATEMENT**:
*Chapel Hill Transit's mission is to provide safe, convenient, reliable, and responsive public transportation services to residents and visitors of the Chapel Hill, Carrboro, and University of North Carolina communities; to be accessible, efficiently operated, and supportive of a healthy environment and a sustainable local economy; and to connect and coordinate with other transportation means in the area.*

The Administration Division supervises departmental operations, manages grant and service contracts, and participates in transportation planning. Duties of the division include:

- Contract monitoring and negotiation with the University of North Carolina and the Town of Carrboro for transportation services and funding arrangements.
- Grants management (from the Federal Transit Administration and the State of North Carolina).
- Transit planning activities including short-range and long-range transit plans and special transit initiatives.
- Review of development proposals to assess impact on public transportation.
- Marketing and public relations activities.
- Participation in local, regional, and state-wide public transit activities.
- Monitor, evaluate, and analyze transit operations to ensure that services are being provided with the highest level of customer service in the most efficient and cost-effective manner possible.

# *TRANSIT - Administration and Non-Departmental*
# *BUDGET SUMMARY*

*The adopted budget for 2026-27 includes a 32.5% overall increase. Personnel has increased by 3.3% due to retirement, insurance, and salary increases, somewhat offset by vacancies and turnover.*

*Operating costs decreased by 4.3% mostly due to the dissolution of the Wellness Clinic and its associated costs. Capital Outlay increased due to funding from the Orange County Transit Plan that will be used to purchase vehicles.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 2,262,361 | $ 2,668,392 | $ 2,695,002 | $ 2,472,825 | $ 2,756,192 | 3.3% |
| Operating Costs | 2,575,715 | 2,526,015 | 4,135,027 | 2,768,233 | 2,417,344 | -4.3% |
| Transfer to Capital Grant | 2,995,447 | - | - | - | - | N/A |
| Capital Outlay | 8,948,639 | 831,000 | 31,000 | 838,915 | 2,808,985 | 238.0% |
| Contribution to Reserve | - | - | 4,605,835 | - | - | N/A |
| Total | $ 16,782,162 | $ 6,025,407 | $ 11,466,864 | $ 6,079,973 | $ 7,982,521 | 32.5% |

# *TRANSIT - Grants*
# *BUDGET SUMMARY*

*As of the time of the adopted budget, there were no planned grant related expenditures for 2026-27.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ - | $ - | $ 227,490 | $ - | $ - | N/A |
| Operating Costs | - | - | 320,510 | - | - | N/A |
| Total | $ - | $ - | $ 548,000 | $ - | $ - | N/A |

# *TRANSIT - NS RAPID (BUS RAPID TRANSIT)*
# *BUDGET SUMMARY*

*The NS RAPID project (formerly North-South Bus Rapid Transit, or NSBRT) is the planned 8.2-mile line along one of the town's busiest and most vital thoroughfares. As the region's first bus rapid transit system, NS RAPID will connect employees, students, residents, and visitors to their regional connections and local destinations.*

*The adopted budget for 2026-27 does not add any new funding. The Orange County Transit Plan is not providing additional monies due to the end of the three year funding period. Existing funds will be used for planning and design services, property acquisition, and construction management.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Operating Costs | 3,899,002 | 4,000,000 | 14,932,164 | 5,663,361 | - | -100.0% |
| Total | $ 3,899,002 | $ 4,000,000 | $ 14,932,164 | $ 5,663,361 | $ - | -100.0% |

# *TRANSIT - OPERATIONS DIVISION*

**MISSION STATEMENT**:
*Chapel Hill Transit's mission is to provide safe, convenient, reliable, and responsive public transportation services to residents and visitors of the Chapel Hill, Carrboro, and University of North Carolina communities; to be accessible, efficiently operated, and supportive of a healthy environment and a sustainable local economy; and to connect and coordinate with other transportation means in the area.*

The Operations Division manages fixed-route bus service and demand-responsive services with smaller vehicles. Duties of the division include:

- Provide fixed-route bus service to meet the mobility goals of Chapel Hill, Carrboro, and the University of North Carolina.
- Coordinate transit service with other public transit systems in the Triangle to enhance the mobility of our citizens.
- Operate demand-responsive door-to-door service for certified persons with disabilities, using lift-equipped vans and sedans.
- Operate shuttle service (Tar Heel Express) to all UNC home football and basketball games.
- Hire, train, and motivate bus operators and support staff to ensure efficient, safe, on-time, and courteous service to the public.

# *TRANSIT - Fixed Route*
# *BUDGET SUMMARY*

*The adopted budget reflects a 6% increase in overall costs. Personnel is up 4.6% due to an increase in retirement costs, an insurance increase, and a salary increase. Operating expenses increased by 10.1% primarily due to increased budget for contracted services and fuel in FY26-27.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 11,106,249 | $ 12,454,634 | $ 12,639,646 | $ 11,816,963 | $ 13,030,160 | 4.6% |
| Operating Costs | 4,595,232 | 4,039,488 | 4,888,433 | 4,023,905 | 4,448,547 | 10.1% |
| Capital Outlay | 1,747,557 | - | 140,000 | 140,000 | - | N/A |
| Total | $ 17,449,038 | $ 16,494,122 | $ 17,668,079 | $ 15,980,868 | $ 17,478,707 | 6.0% |

# *TRANSIT - Demand Response*
# *BUDGET SUMMARY*

*The adopted budget for the Demand Response division reflects a 10.3% increase over the 2025-26 budget. Personnel expenditures increased by 5.3% due to increases to retirement and insurance costs, along with a salary increase. Operating expenses increased by 25.8% due to a needed upgrade to demand response software and increased budget for fuel.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 2,176,728 | $ 2,098,705 | $ 2,374,394 | $ 2,224,860 | $ 2,209,013 | 5.3% |
| Operating Costs | 580,880 | 676,623 | 887,217 | 684,238 | 851,432 | 25.8% |
| Capital Outlay | - | - | 405,544 | 201,720 | - | N/A |
| Total | $ 2,757,608 | $ 2,775,328 | $ 3,667,155 | $ 3,110,818 | $ 3,060,445 | 10.3% |

# *TRANSIT - Tarheel Express / Special Events*
# *BUDGET SUMMARY*

*The adopted budget for Tarheel Express & Special Events in 2026-27 remains relatively flat compared to the previous year.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 293,435 | $ 235,791 | $ 394,994 | $ 354,526 | $ 236,598 | 0.3% |
| Operating Costs | 71,894 | 82,334 | 104,334 | 114,831 | 82,334 | 0.0% |
| Total | $ 365,329 | $ 318,125 | $ 499,328 | $ 469,357 | $ 318,932 | 0.3% |

# *TRANSIT - MAINTENANCE DIVISION*

**MISSION STATEMENT**:
*Chapel Hill Transit's mission is to provide safe, convenient, reliable, and responsive public transportation services to residents and visitors of the Chapel Hill, Carrboro, and University of North Carolina communities; to be accessible, efficiently operated, and supportive of a healthy environment and a sustainable local economy; and to connect and coordinate with other transportation means in the area.*

The Maintenance Division services and repairs transit vehicles and support equipment to ensure safe, reliable, and clean transit vehicles. Duties of the division include:

- Daily service, fueling, and cleaning of all transit vehicles.
- Ongoing maintenance, inspection, and repair of buses, vans, and support vehicles.
- Ongoing maintenance of transit amenities, such as benches and shelters.
- Maintain an inventory system of fuel and bus parts to support the timely operation of services.
- Develop capital improvement plan and procurement of major capital equipment.
- Ensure that team members have the proper training and skills to ensure the safe efficient operation of Town vehicles.

# *TRANSIT - Vehicle Maintenance*
# *BUDGET SUMMARY*

*The adopted budget for 2026-27 represents a 3.8% increase in expenditures from the 2025-26 fiscal year. The 6.6% increase in personnel costs is due to an increase in retirement costs, an insurance increase, a salary increase, impacts from the Pay Study, and turnover. Operating costs decreased by 0.6% largely due to decreased budget for software in the division.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 3,075,453 | $ 3,608,986 | $ 3,504,243 | $ 3,477,458 | $ 3,848,430 | 6.6% |
| Operating Costs | 1,599,555 | 2,339,561 | 1,828,340 | 2,403,241 | 2,325,293 | -0.6% |
| Capital Outlay | 35,665 | 20,000 | 108,200 | 108,200 | 20,000 | 0.0% |
| Total | $ 4,710,673 | $ 5,968,547 | $ 5,440,783 | $ 5,988,899 | $ 6,193,723 | 3.8% |

## *TRANSIT - Building Maintenance*
## *BUDGET SUMMARY*

*The adopted budget for Transit's Building Maintenance division reflects a 1.3% increase overall. The 20% increase in personnel expenditures is related to new retiree medical expenses. The operating expenditures increased by 1.2% because of slightly higher utility costs.*

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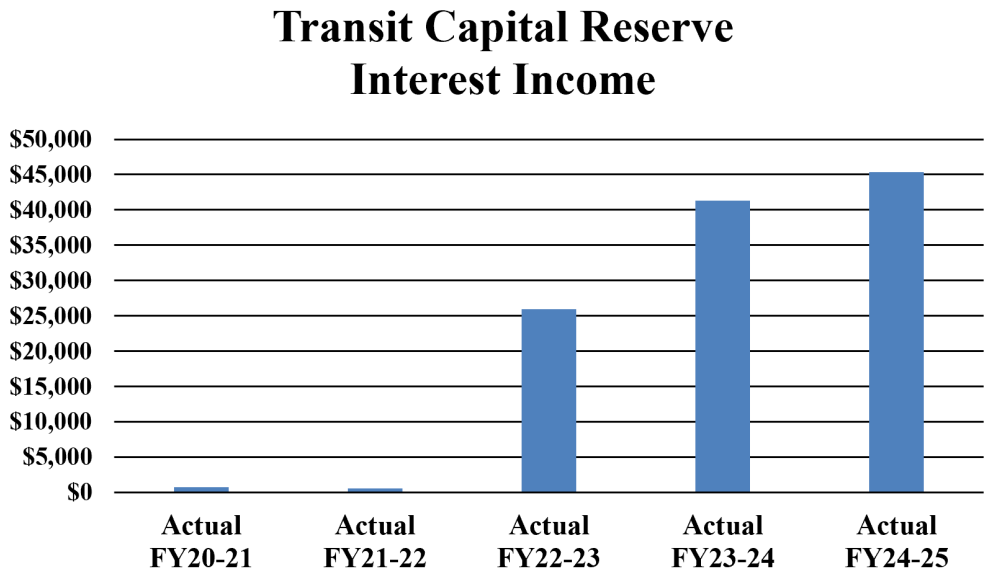
## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 2,763 | $ 3,000 | $ 3,000 | $ 3,486 | $ 3,600 | 20.0% |
| Operating Costs | 954,898 | 897,446 | 1,372,317 | 1,028,229 | 908,218 | 1.2% |
| Capital Outlay | 9,855 | - | 400,000 | - | - | N/A |
| Total | $ 967,516 | $ 900,446 | $ 1,775,317 | $ 1,031,715 | $ 911,818 | 1.3% |

# *TRANSIT CAPITAL RESERVE FUND*

The Transit Capital Reserve Fund is used to account for funds reserved for matching capital funds for buses and facilities related to the Town's public transportation system.

Donations vary substantially from year to year, depending on anticipated future needs for reserves.



# *TRANSIT CAPITAL RESERVE BUDGET SUMMARY*

*The Transit Capital Reserve Fund is intended to accumulate funding to make capital purchases and to meet matching requirements for capital grants for replacement buses and other equipment. Matching funds for 2026-27 are estimates for grants historically received each year, but not yet awarded.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Contribution to Capital Grant | $ - | $ - | $ - | $ - | $ - | N/A |
| Reserve | 45,355 | - | - | - | - | N/A |
| Total | $ 45,355 | $ - | $ - | $ - | $ - | N/A |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Interest Income | $ 45,355 | $ - | $ - | $ - | $ - | N/A |
| Appropriated Fund Balance | - | - | - | - | - | N/A |
| Total | $ 45,355 | $ - | $ - | $ - | $ - | N/A |

# *TRANSIT CAPITAL GRANT PROJECT ORDINANCES*

Transit capital and planning grants awarded by the Federal Transit Administration are implemented pursuant to grant project ordinances authorized by General Statute 159-13.12**.** Budgets are adopted throughout the year as grant awards are received. Five current project ordinances in the Transit Department are shown below:

**2015-2016 Capital Grant 5339**

The project ordinance for the fiscal year 2015-2016 Section 5339 Transit Capital Grant was executed on May 14, 2018. The funds will be used to expand transit's employee/visitor parking lot, install a new security gate to the bus fleet yard, and fund a preliminary review and analysis of constructing a solar canopy over the bus yard. 80% is federally funded. 20% will be funded through local budget.

| | Project Budget | Estimated Expenditures Through June 30, 2027 |
|---|---|---|
| 2015-16 Transit Capital Grant | $534,037 | $66,231 |

**2024 Area of Persistent Poverty Grant**

The project ordinance for the fiscal year 2024-2025 is for the planning of a micro-transit system.

| | Project Budget | Estimated Expenditures Through June 30, 2027 |
|---|---|---|
| 2024 Planning Grant | $437,500 | $304,667 |

**FY19-FY20 Capital Grant 5339**

The project ordinance for the fiscal year 2021 Capital Investment plan covering: Automatic Vehicle Locator upgrades, Automatic Passenger Counter upgrades, and Radio System upgrades.

| | Project Budget | Estimated Expenditures Through June 30, 2027 |
|---|---|---|
| 2020 Transit Capital Grant | $657,654 | $230,058 |

**FY22 5339**

This project ordinance for fiscal year 2022 is for the purchase of three (3) 20' Light Transit Vehicles (LTV) for the Demand Response Fleet.

| | Project Budget | Estimated Expenditures Through June 30, 2027 |
|---|---|---|
| 2020 Transit Capital Grant | $623,820 | $49,424 |

# *TRANSIT CAPITAL GRANT PROJECT ORDINANCES*

**FY23 5339a**

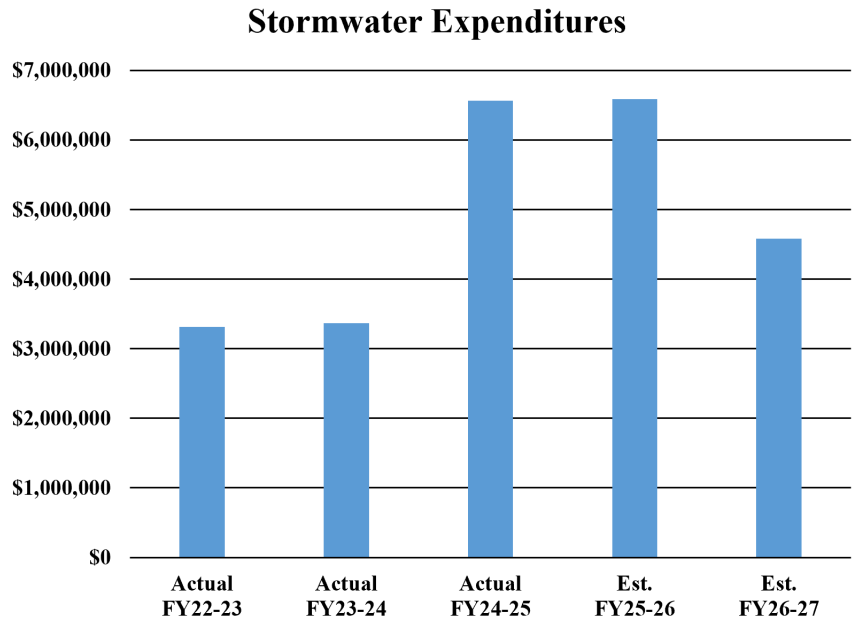
This project ordinance for fiscal year 2023 is for the purchase of an architecture and engineering firm to provide up to 100% completion of construction plans for an expanded fleet yard and training center.

| | Project Budget | Estimated Expenditures Through June 30, 2027 |
|---|---|---|
| 2023 Transit Capital Grant | $298,324 | $238,659 |

# *STORMWATER MANAGEMENT FUND*



The Stormwater Management Fund was established to protect and restore local streams, reduce flood damage through capital improvements, safeguard Jordan Lake water quality, and educate citizens about water quality, flood damage, and stream protection.



# *PUBLIC WORKS - STORMWATER MANAGEMENT*

**MISSION STATEMENT**:
The Public Works - Stormwater Management Team strives to provide excellent customer service, protect the health and safety of both the public and the ecosystem, address stormwater quality and quantity concerns, ensure compliance with federal and state stormwater mandates, and implement the Town's Comprehensive Stormwater Management Program.

The Public Works Department - Stormwater Management Division identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Stormwater Infrastructure** | Perform routine maintenance, remedial repairs, and capital improvements to the town-maintained stormwater infrastructure using in-house and contracted resources. | |
| **Stormwater Regulatory Compliance** | Develop, implement, perform, and administer activities and programs to maintain compliance with Town, State, and Federal regulatory requirements (LUMO, NPDES, MS4, Jordan TMDL, FEMA Floodplain Management).<br>This includes, but not limited to, providing technical assistance involving stormwater management, field classification of streams, mapping and database management, assisting compliance officer with investigation of inquiries/violations, identification of grant opportunities to fund drainage and water quality improvement projects, outreach and education, and development and administration of stormwater-related professional services and construction contracts. |  |
| **Street Sweeping** | Sweep publicly maintained streets within the Town limits using in-house labor and equipment.<br>Sweep downtown streets twice a week, entryway roads once a week, and residential streets about every eight weeks, weather permitting. |  |
| **Stormwater Billing** | Prepare annual stormwater utility billing and manage stormwater billing databases. Manage stormwater fee assistance program and respond to billing inquiries. |  |

# *STORMWATER*
## Performance Measures




### Strategic Objectives

- Initiate 100% of investigations of reported pollution (sedimentation, illicit discharge) events within 24 hours of receipt.
- Confirm that 20% of project sites subject to the NPDES regulation have had a certified post-construction inspection each year, with the goal of having all sites inspected every five years.
- Sweep streets downtown twice weekly (weather permitting), major streets once weekly (weather permitting), and check and clean residential streets as needed once every six to eight weeks (not weather dependent).

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Stormwater Regulatory Compliance | Percent of investigations of reported pollution initiated within 24 hours of notification | 96% | 97% | 92% | 100% |
| | Percent of sites inspected annually | 51% | 60% | 62% | 20% |
| Stormwater Infrastructure | Percent of development plan reviews completed by assigned deadline (in coordination with Planning)[1] | 71%[2] | 91% | 93% | 100% |
| Street Sweeping | Percent of time downtown streets were swept according to schedule (twice per week) | 72% | N/A[3] | 68% | 100% |
| | Percent of time major streets were swept according to schedule (once per week) | 44% | N/A[3] | 51% | 100% |
| | Percent of time residential streets were swept according to schedule (once every seven weeks) | 77% | N/A[3] | 42%[4] | 100% |

[1] In March 2024, this measure was transferred from Public Works to Planning.

[2] The plan review deadline was reduced from three weeks to two in December FY24.

[3] Street Sweeping data for FY25 is not available.

[4] A Leaf Vacuum Truck was acquired to help collect loose leaves that fall naturally out of the curb and gutter for FY27 as a result of changes to loose leaf collection.

# *STORMWATER MANAGEMENT FUND*

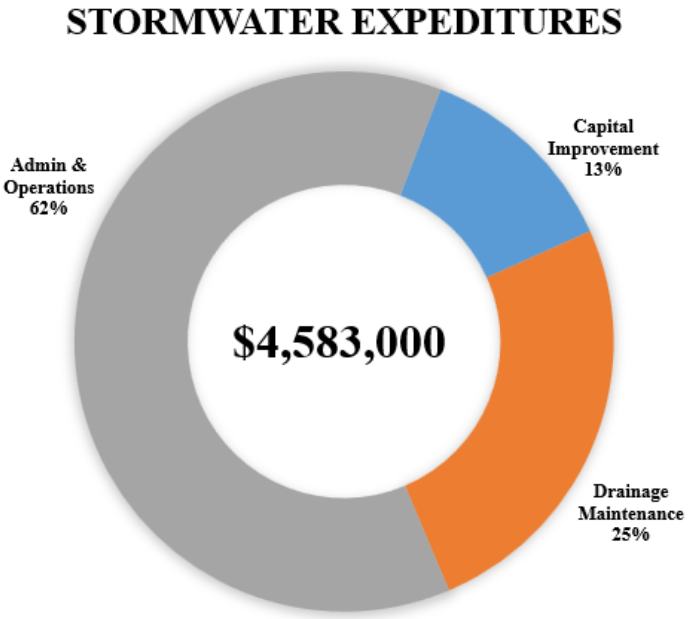
## *Major Revenue Sources – Descriptions and Estimates*

The Town established a Stormwater Management Fund in 2004-05 to continue the enhancement of stormwater management services and to implement stormwater management activities necessary to comply with State and Federal regulations. Stormwater management activities are funded by a fee charged to property owners based on the amount of impervious surface area on a property. The 2026-27 adopted budget includes an $8.79 per ERU (equivalent rate unit) fee increase to complete the stormwater system inventory mapping required during the current five-year NPDES (National Pollutant Discharge Elimination System) permit cycle. This will bring the Stormwater fee to $49.06 for each 1,000 square feet of impervious surface. At this rate, fee revenue is estimated at just under $4.3 million in 2026-27. In 2025-26, the budget is expected to be balanced with $2,742,678 in fund balance. For FY26-27, the budget is balanced without fund balance.

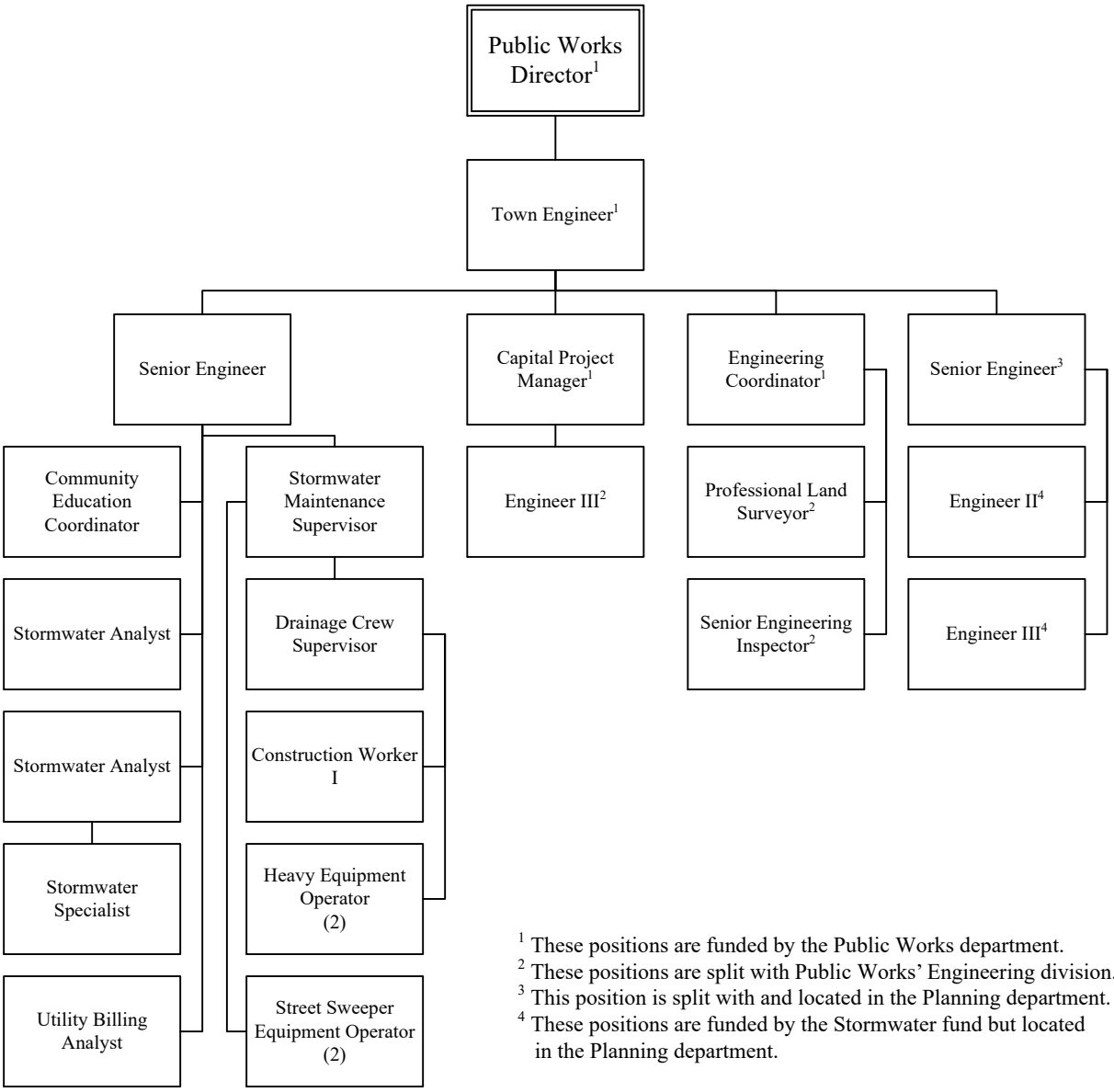
## *Major Expenditures and Estimates*

The adopted budget for 2026-27 totals $4,583,000. This represents a 23.4% increase from the FY25-26 budget. Changes to the budget include a pay increase, a 0.75% retirement rate increase, a health insurance increase, and added budget to complete stormwater system inventory mapping. $487,328 is in the adopted budget for the debt payment related to the G.O. bond issuance.

As indicated in the chart below, 25% of the 2026-27 budget provides for the Drainage division to conduct stormwater-related drainage and maintenance projects.



# STORMWATER MANAGEMENT




[1] These positions are funded by the Public Works department.
[2] These positions are split with Public Works' Engineering division.
[3] This position is split with and located in the Planning department.
[4] These positions are funded by the Stormwater fund but located in the Planning department.

# *STORMWATER MANAGEMENT*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Stormwater** | | | |
| Senior Engineer[1] | 1.50 | 1.50 | 1.50 |
| Engineer II | 1.00 | 1.00 | 1.00 |
| Engineer III[2] | 1.50 | 1.50 | 1.50 |
| Senior Engineering Inspector[2] | 0.30 | 0.30 | 0.30 |
| Stormwater Specialist | 1.00 | 1.00 | 1.00 |
| Stormwater Analyst | 1.00 | 2.00 | 2.00 |
| Professional Land Surveyor[2] | 0.25 | 0.25 | 0.25 |
| Community Education Coordinator | 1.00 | 1.00 | 1.00 |
| Utility Billing Analyst | 1.00 | 1.00 | 1.00 |
| Division Totals | 8.55 | 9.55 | 9.55 |
| **Drainage** | | | |
| Stormwater Maintenance Supervisor | 1.00 | 1.00 | 1.00 |
| Drainage Crew Supervisor | 1.00 | 1.00 | 1.00 |
| Street Sweeper Equipment Operator | 2.00 | 2.00 | 2.00 |
| Heavy Equipment Operator | 2.00 | 2.00 | 2.00 |
| Construction Worker I | 1.00 | 1.00 | 1.00 |
| Division Totals | 7.00 | 7.00 | 7.00 |
| Stormwater Management Fund Totals | 15.55 | 16.55 | 16.55 |

[1] The Planning department assumes half the salary of one of the Senior Engineer positions.

[2] The Engineering division of Public Works assumes a portion of salaries for Engineer - Certified PE, Senior Engineering Inspector, and Professional Land Surveyor.

# *STORMWATER MANAGEMENT*
# *BUDGET SUMMARY*

*The adopted budget for FY 2026-27 includes the continuation of existing services. The 6.4% increase in personnel expenditures includes a retirement increase, an increase in insurance costs, a salary increase, impacts from the Pay Study, and turnover. Operating costs increased by 46.2% largely due to added budget needed to complete stormwater system inventory mapping. Capital Outlay remains flat.*

*The adopted budget includes an $8.79 per ERU fee increase to complete the stormwater system inventory mapping required during the current five-year NPDES permit cycle. The budget is balanced without the use of fund balance.*

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## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 1,700,501 | $ 1,982,357 | $ 1,982,357 | $ 1,830,114 | $ 2,108,702 | 6.4% |
| Operating Costs | 1,568,747 | 1,634,477 | 5,562,627 | 4,167,650 | 2,390,108 | 46.2% |
| Capital Outlay | 155,354 | 80,400 | 3,204,479 | 575,248 | 80,400 | 0.0% |
| Capital Reserve | 3,135,265 | 15,866 | 15,866 | 15,866 | 3,790 | -76.1% |
| Total | $ 6,559,867 | $ 3,713,100 | $ 10,765,329 | $ 6,588,878 | $ 4,583,000 | 23.4% |

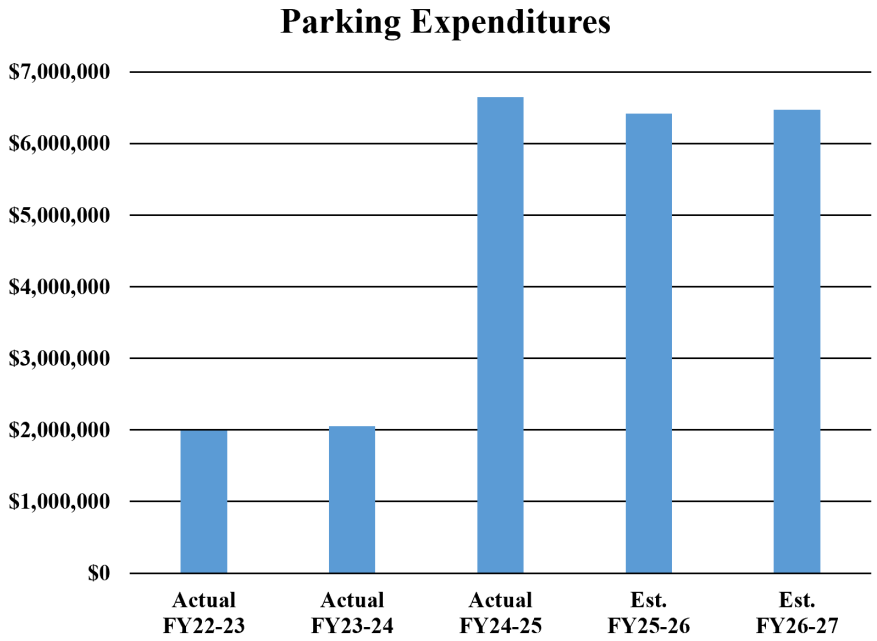
## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Stormwater Fees | $ 3,029,145 | $ 3,530,100 | $ 3,530,100 | $ 3,560,000 | $ 4,298,000 | 21.8% |
| Fee Exemption | (7,771) | (17,000) | (17,000) | (12,000) | (17,000) | N/A |
| Transfer from General Fund | 7,771 | 17,000 | 17,000 | 12,000 | 17,000 | 0.0% |
| Interest Income | 254,759 | 175,000 | 175,000 | 277,000 | 277,000 | 58.3% |
| Other Income | 13,025 | 8,000 | 8,000 | 9,200 | 8,000 | 0.0% |
| Proceeds from Bond Sale | 3,200,000 | - | - | - | - | N/A |
| Premium on Bonds | 62,938 | - | - | - | - | N/A |
| Appropriated Fund Balance | - | - | 7,052,229 | 2,742,678 | - | N/A |
| Total | $ 6,559,867 | $ 3,713,100 | $ 10,765,329 | $ 6,588,878 | $ 4,583,000 | 23.4% |

# *PARKING FACILITIES FUND*




The Parking Facilities Fund includes the operation of off-street parking lots, all on-street metered parking, and parking enforcement activities.



# *PARKING SERVICES*

**MISSION STATEMENT**:
*Parking Services' primary mission is to provide safe, accessible, and efficient parking services that support residents, visitors, businesses, and community destinations through exceptional customer service, responsible stewardship of public parking assets, and fair, consistent enforcement of Town parking regulations.*

The Parking Services Department identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Parking Enforcement** | Promote compliance with Town parking regulations through education, fair and consistent enforcement, complaint response, and support for special events and downtown operations. |   |
| **Customer Service** | Administer parking permits, process citations and appeals, assist customers, manage parking accounts, and provide responsive service to residents, businesses, employees, and visitors. | |
| **Operations & Maintenance** | Maintain municipal parking decks, surface lots, parking equipment, signage, lighting, pavement markings, and parking technology to ensure safe, reliable, and accessible parking facilities. | |
| **Administration** | Oversee enterprise fund operations, financial management, contracts, technology, strategic planning, policy implementation, parking studies, and coordination with Town departments and community stakeholders. |   |

# *PARKING FACILITIES FUND*
## Performance Measures







### Strategic Objectives

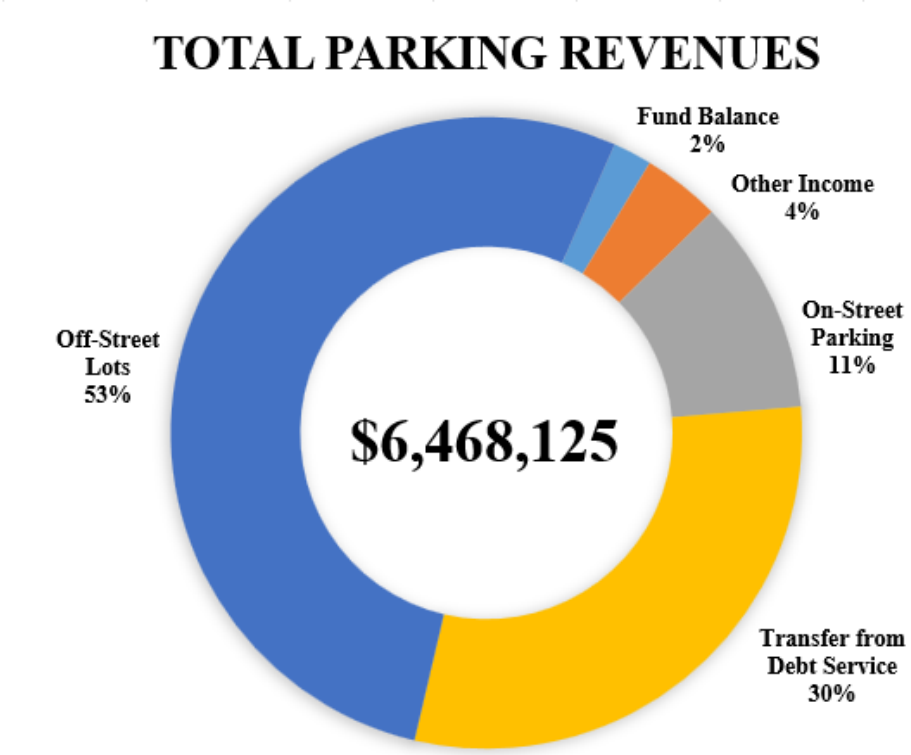
- Increase occupancy performance in each section of the Downtown Parking Operation. Downtown parking is broken up into three sections: East Downtown (East of Columbia St), Central Downtown (Columbia St to Mallette St) and West Downtown (Mallette St to Sunset Dr). We will provide the financial performance and target to increase revenue in each section by 10%.

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| East Downtown | Total section revenue | $1,429,827 | $1,572,777 | $1,890,675 | $2,079,742 |
| Central Downtown | Total section revenue | $368,526 | $497,521 | $556,210 | $611,831 |
| West Downtown | Total section revenue | $414,233 | $457,251 | $494,326 | $543,758 |

# *PARKING FACILITIES FUND*
## *Major Revenue Sources - Descriptions and Estimates*

The Parking Facilities Fund, with an adopted budget of $6,468,125 for FY 2026-27, accounts for revenues from the parking lots and decks in the downtown area as well as on-street parking revenues. Off-street parking revenues consist almost exclusively of the fees charged for parking in downtown lots and decks. $1,835,500, or about 29% of total parking revenues, is budgeted to come from the new 125 East Rosemary Deck and $450,000, or 9% of revenues, is budgeted from the James Wallace Deck. The deck at 140 West is budgeted to generate about $330,000 in 2026-27.

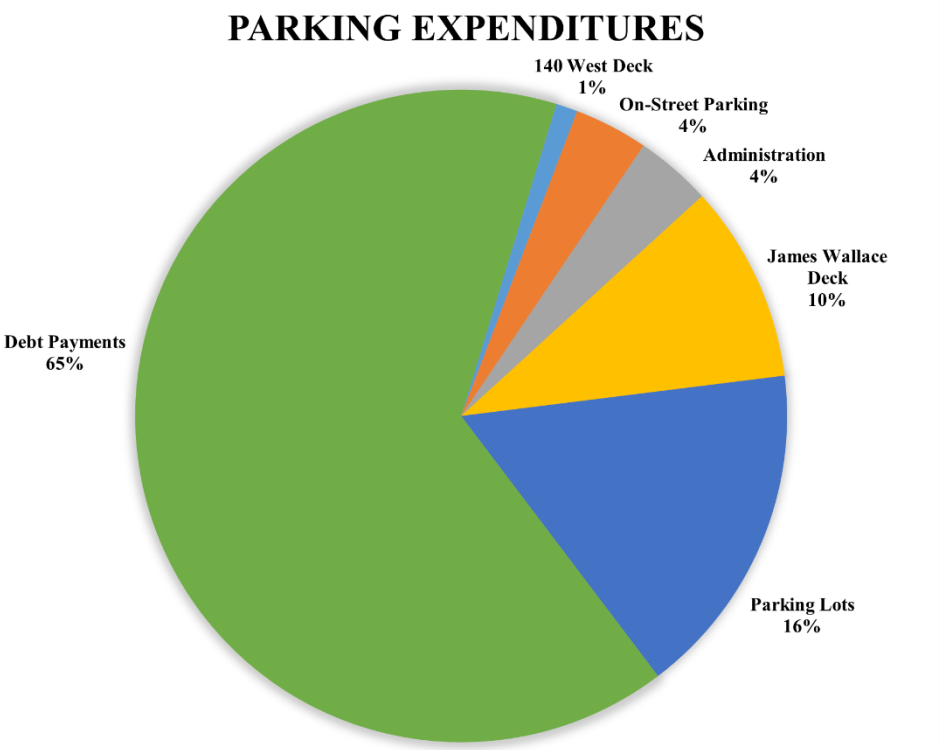
On-street parking has two major revenue sources: pay station fees (formerly known as parking meter fees) and parking ticket fines. Pay station fees are estimated to generate about $425,000 and parking ticket fines are estimated to bring in about $193,000 in 2026-27.



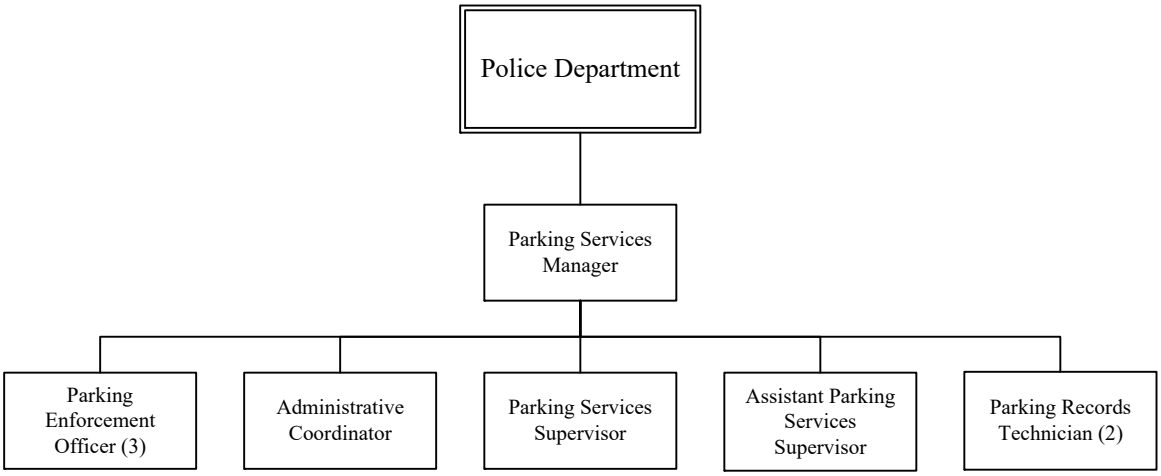
# *PARKING FACILITIES FUND*
## *Major Expenditures and Estimates*

In FY 2026-27, the primary expenditure of the Parking Facilities Fund is debt payments related to the new 125 East Rosemary parking deck. These debt expenditures total about $4.2 million in FY27.

The other major expenditure of the Parking Facilities Fund is the cost of personnel to manage parking lots and decks. The FY27 personnel budget of $1,027,150 includes a 4% of market pay increase, an increase in insurance costs, and a 0.75% increase in retirement.



# PARKING SERVICES



# *PARKING SERVICES*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Parking Services Manager | 1.00 | 1.00 | 1.00 |
| Parking Services Supervisor | 1.00 | 1.00 | 1.00 |
| Assistant Parking Services Supervisor | 1.00 | 1.00 | 1.00 |
| Parking Enforcement Officer | 3.00 | 3.00 | 3.00 |
| Parking Records Technician | 0.75 | 2.00 | 2.00 |
| Parking Attendant | 2.00 | 0.00 | 0.00 |
| Administrative Coordinator | 1.00 | 1.00 | 1.00 |
| Parking Services Deptartment Totals | 9.75 | 9.00 | 9.00 |

# *PARKING SERVICES*
# *BUDGET SUMMARY*

*Parking revenues for the adopted 2026-27 budget decreased 0.9% compared to FY26. This small decrease reflects less dependence on fund balance in the new year. Parking deck, lot, and street-level revenues are increasing slightly, meaning less fund balance is needed.*

*The overall decrease in expenditures for 2026-27 captures the net result of personnel-related increases to pay and benefits and decreased expenditures due to no longer leasing the Mallette parking lot.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| James Wallace Deck | $ 749,594 | $ 531,963 | $ 533,503 | $ 653,699 | $ 633,323 | 19.1% |
| Parking Lots | 983,236 | 1,174,109 | 1,172,228 | 967,039 | 1,077,191 | -8.3% |
| 140 West Deck | 54,771 | 53,855 | 52,855 | 54,641 | 69,399 | 28.9% |
| Administration | 4,627,686 | 4,487,972 | 5,558,655 | 4,490,447 | 4,451,455 | -0.8% |
| Parking Capital | 228 | 19,640 | 19,740 | 19,740 | - | -100.0% |
| On-Street Parking | 233,446 | 258,134 | 261,292 | 233,489 | 236,757 | -8.3% |
| Total | $ 6,648,961 | $ 6,525,673 | $ 7,598,273 | $ 6,419,055 | $ 6,468,125 | -0.9% |

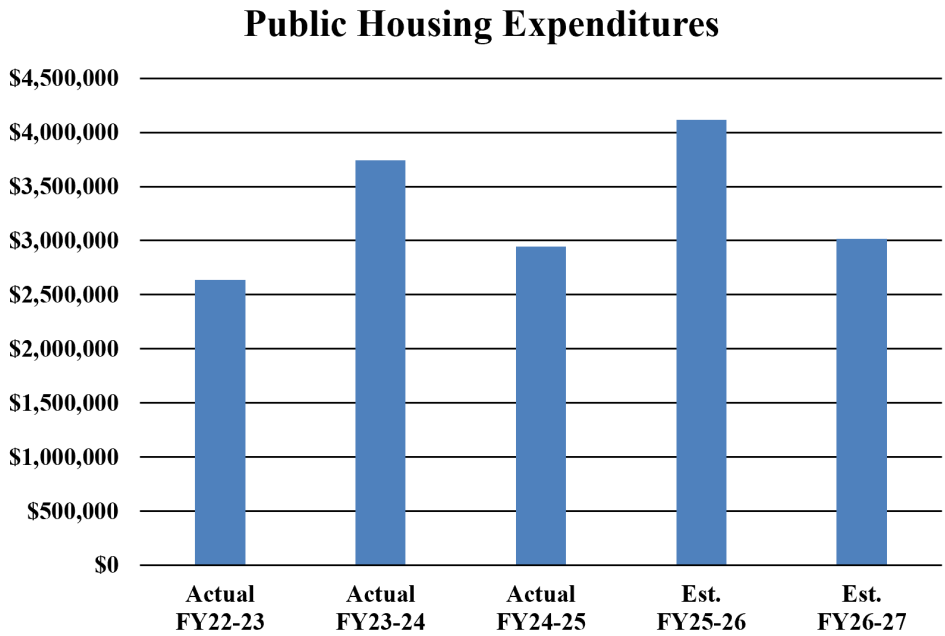
## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| James Wallace Deck | $ 652,384 | $ 635,000 | $ 635,000 | $ 525,000 | $ 560,000 | -11.8% |
| Rosemary/Columbia Lot | 304,672 | 303,000 | 303,000 | 325,000 | 325,000 | 7.3% |
| 415 West Franklin Lot | 43,298 | 55,000 | 55,000 | 135,000 | 55,000 | 0.0% |
| West Rosemary Lot | 36,579 | 10,000 | 10,000 | 30,000 | 30,000 | 200.0% |
| Rosemary/Sunset | 53,188 | 62,000 | 62,000 | 58,000 | 62,000 | 0.0% |
| South Graham Lot | 18,081 | 17,300 | 17,300 | 18,200 | 18,200 | 5.2% |
| West Franklin/Basnight Lot | 93,738 | 98,000 | 98,000 | 2,000 | 88,000 | -10.2% |
| 427 West Franklin Lot | 39,588 | 50,000 | 50,000 | 42,000 | 50,000 | 0.0% |
| Jones Park Lot | 1,200 | 18,000 | 18,000 | 1,200 | 6,000 | -66.7% |
| Mallette Lot | 121,789 | 124,000 | 124,000 | 125,000 | - | -100.0% |
| Courtyard Lot | 32,863 | 40,000 | 40,000 | 14,000 | 40,000 | 0.0% |
| 140 West Deck | 291,471 | 330,000 | 330,000 | 330,000 | 330,000 | 0.0% |
| 125 East Rosemary | 260,260 | 1,686,000 | 1,686,000 | 760,000 | 1,835,500 | 8.9% |
| 205 Columbia Street | 21,673 | - | - | - | - | N/A |
| Interest Income | 273,215 | 25,000 | 25,000 | 134,869 | 75,000 | 200.0% |
| Miscellaneous Income | 133,153 | 130,000 | 130,000 | 159,000 | 165,000 | 26.9% |
| On-Street Parking | 676,244 | 734,000 | 734,000 | 722,000 | 734,000 | 0.0% |
| EV Charging Station Fees | 9,843 | 9,200 | 9,200 | 7,418 | 10,700 | 16.3% |
| UNC Leases - 125 East Rosemary | 1,500,000 | - | - | - | - | N/A |
| Transfer from Debt Service Fund | 431,121 | 1,957,868 | 1,957,868 | 1,957,868 | 1,957,868 | 0.0% |
| Transfer from General Fund | - | - | 1,072,500 | 1,072,500 | - | N/A |
| Appropriated Fund Balance | 1,654,601 | 241,305 | 241,405 | - | 125,857 | -47.8% |
| Total | $ 6,648,961 | $ 6,525,673 | $ 7,598,273 | $ 6,419,055 | $ 6,468,125 | -0.9% |

# *PUBLIC HOUSING FUND*



The Public Housing Fund is used to account for federal grants restricted for the Town's public housing programs.



# *PUBLIC HOUSING*

**VISION:**
***A vibrant and inclusive community where all residents have access to affordable housing and opportunities to thrive.***

**MISSION:**
***Create Partnership***
***Catalyze Affordable Housing***
***Build Community***

The Public Housing Division identified the following primary programs that are included in the adopted budget for 2026-27.

| Program | Description | Strategic Priority |
|---|---|---|
| **Lease Management and Tenant Relations** | ▪ Manage Housing Applications<br>▪ Ensure Compliance with Lease Agreements<br>▪ Coordinate Resident Engagement and Self-Sufficiency |  |
| **Complete Federal Compliance and Reporting Requirements** | ▪ Complete HUD-Required Reports and Plans<br>▪ Complete Routine Reports<br>▪ Receive Reports from HUD | |
| **Perform Maintenance and Renovations** | ▪ Complete preventative maintenance<br>▪ Complete safety inspections and pest control<br>▪ Oversee unit turnaround of vacant units<br>▪ Complete work orders for units<br>▪ Implement our Capital Plan<br>▪ Complete HUD inspections<br>▪ Implement Staff Training Plan<br>▪ Complete special projects | |

# *PUBLIC HOUSING*
## Performance Measures




### Strategic Objectives

To provide decent, safe, and well maintained affordable rental housing for low-income residents

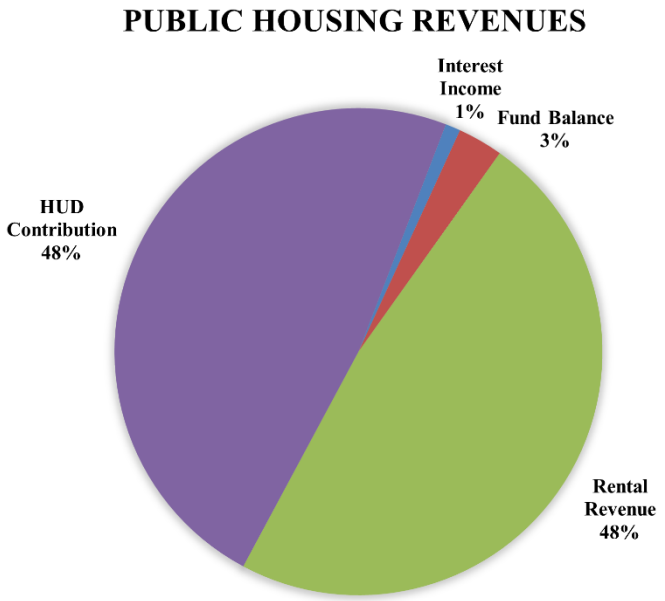
| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Public Housing | HUD's PHAS rating | Troubled | High Performer | Substandard | High Performer |
| | Percentage of elected officials and staff who have completed "Lead the Way" training | 100% | 100% | 89% | 100% |
| | # of units inspected through Preventative Maintenance Inspections and repairs made | 44 | 104 | 85 | 296 (12 communities) |
| | Average # of work orders opened (monthly) | 551 | 192 | 222 | 175 |
| | Average # of days to complete a routine work order | 5 | 4 | 3 | < 2 |
| | % of Capital Fund Expenditures for HUD Grants | 2020: 93%<br>2021: 50% | 2020: 100%<br>2021: 93%<br>2022: 79% (21% of 2022 Grant Recaptured)<br>2023: 52% | 2020: 100%<br>2021: 100%<br>2023: 99%<br>2024: 1%<br>2025: <1% | 2020: 100%<br>2021: 100%<br>2023: 100%<br>2024: 90%<br>2025: 90% |
| | Average # of days to turnover a vacant unit | 121 | 215 | 323 | 20 |
| | Average # of calls received via the after-hours line | N/A | 40 (Estimated) | 49 | 35 |
| | % of Public Housing residents employed | 46% | 54% (Estimated) | 50% | > 65% |
| | % of new tenants homeless at time of admission | 20% | 25% | 100%[1] | 25% |

[1] One tenant was accepted from the waitlist; they were experiencing homelessness.

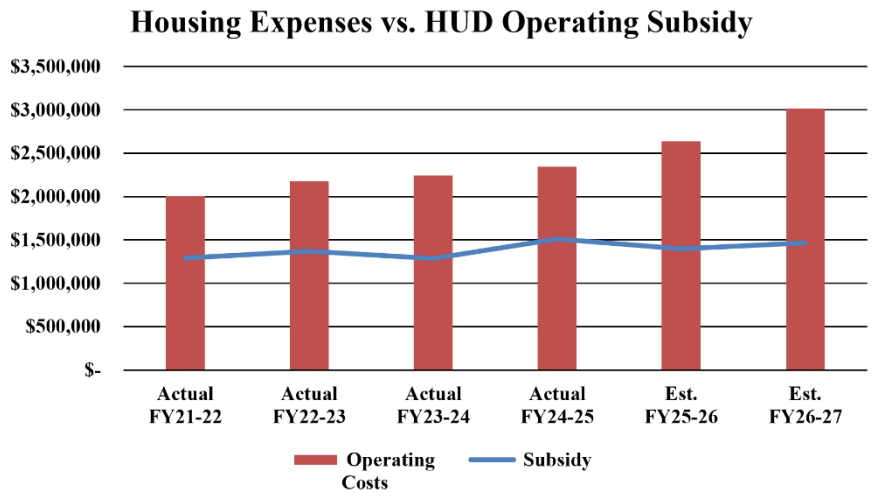
# *PUBLIC HOUSING FUND*
## *Major Expenditures and Estimates*

The Public Housing program provides for the administration and operation of the Town's 296 public housing units and is funded primarily through federal grants and rents paid by residents.

In 1987, the Chapel Hill Public Housing Authority was abolished by the Chapel Hill Town Council. The Town's Public Housing program was then operated as a Town department administered by Town staff. During FY2023-24, the Public Housing department became part of the Housing & Community Development department, with the Public Housing Fund remaining a separate enterprise fund.

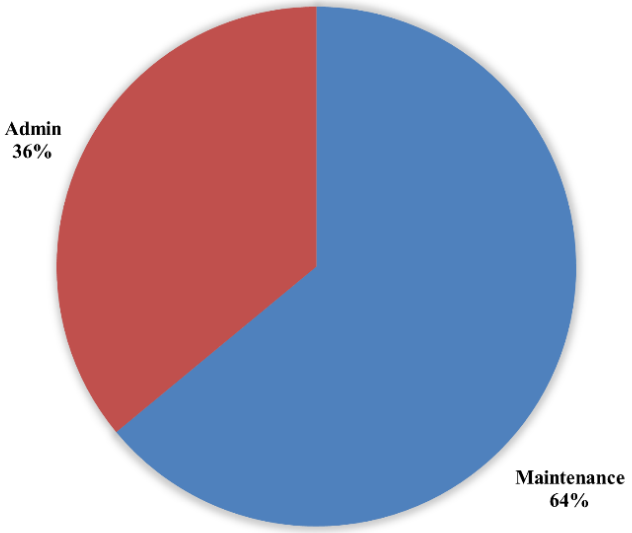



Primary revenue sources include dwelling rents paid by residents and operating grants from the Department of Housing and Urban Development (HUD). HUD has provided funding estimates for calendar year 2026 but we have no information about calendar year 2027 Based on interim allocations, our estimate of HUD's subsidy for 2025-26 is $1,399,400, a 7% decrease from the 2024-25 subsidy of $1,508,347.




The Public Housing division estimates dwelling rents, the largest source of revenue for the Public Housing Fund, at about $1,445,100 for 2026-27, which is a 2.5% increase from current year estimates.

**PUBLIC HOUSING EXPENDITURES**

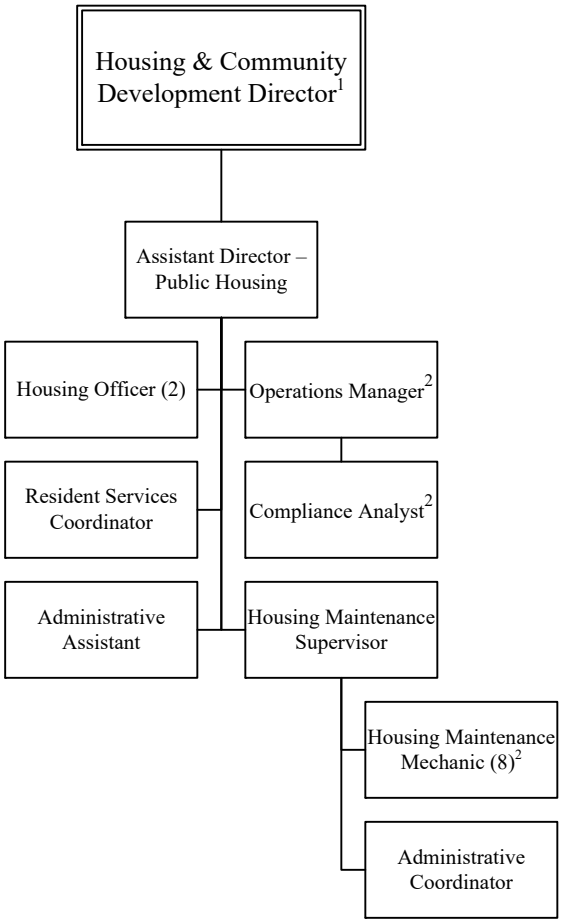



For the 2026-27 Adopted Budget, major expenditure categories include $1,745,018 for personnel salaries and benefits, $705,184 for maintenance of the housing units $246,500 for utilities, and $100,000 for liability and flood insurance.

The personnel costs include a 4% of market pay increase, a 0.75% retirement contribution increase, and an increase in insurance costs.

| | 2025-26 Original Budget | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|
| Salary & Benefits - Administration | $ 754,757 | $ 747,605 | -0.9% |
| Salary & Benefits - Maintenance | 927,969 | 997,413 | 7.5% |
| Maintenance Costs | 604,911 | 705,184 | 16.6% |
| Utilities | 213,450 | 246,500 | 15.5% |
| Liability & Flood Insurance | 77,500 | 100,000 | 29.0% |
| Other Expenses | 303,737 | 219,661 | -27.7% |
| **Total Budget** | **$ 2,882,324** | **$ 3,016,363** | **4.7%** |

# PUBLIC HOUSING




[1] This position is funded by the Housing & Community Development department.
[2] These positions are split between H&CD and the Public Housing Fund, including one Housing Maintenance Mechanic.

# *PUBLIC HOUSING*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| **Administration** | | | |
| Director - Housing & Community Development[1] | 0.20 | 0.20 | 0.00 |
| Assistant Director (1)[1] | 0.50 | 0.50 | 0.00 |
| Assistant Director (2) | 0.50 | 0.50 | 0.00 |
| Assistant Director - Public Housing | 1.00 | 1.00 | 1.00 |
| Operations Manager[2] | 0.50 | 0.50 | 0.80 |
| Administrative Coordinator[1] | 0.20 | 0.20 | 0.00 |
| Administrative Assistant | 1.00 | 1.00 | 1.00 |
| Housing Officer | 2.00 | 2.00 | 2.00 |
| Resident Services Coordinator | 1.00 | 1.00 | 1.00 |
| Compliance Analyst[2] | 0.00 | 0.00 | 0.50 |
| Division Totals | 6.90 | 6.90 | 6.30 |
| **Maintenance** | | | |
| Housing Maintenance Supervisor | 1.00 | 1.00 | 1.00 |
| Housing Maintenance Mechanic (I, II, III)[3] | 7.50 | 7.50 | 7.50 |
| Administrative Coordinator | 1.00 | 1.00 | 1.00 |
| Division Totals | 9.50 | 9.50 | 9.50 |
| Public Housing Fund Totals | 16.40 | 16.40 | 15.80 |

[1] The portions of these positions formerly paid out of the Public Housing Fund have moved to H&CD for FY26-27.

[2] These positions are split between the Public Housing Fund and Housing & Community Development.

[3] One Mechanic position is split between the Public Housing Fund and Housing & Community Development.

# *PUBLIC HOUSING*
# *BUDGET SUMMARY*

*The Town's public housing units are funded primarily through federal grants from the U.S. Department of Housing and Urban Development and rents paid by residents.*

*The 3.7% increase in personnel is the result of a retirement increase, an increase in insurance costs, and a salary increase, all of which are somewhat offset by turnover, vacancies, and positions that were partially funded out of the Public Housing Fund moving to the General Fund. The operating budget increased 6% primarily due to various increases in the Maintenance Division, including utility costs, fleet use charges, contracted services, and maintenance supplies. The budget for 2026-27 reflects an estimate of the HUD subsidy anticipated for calendar year 2026. The Town anticipates HUD subsidies and rental revenues will increase. The Town anticipates using $86,163 in fund balance appropriation in 2026-27.*

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Revenue Summary | | | | | | |
| HUD Contributions | $ 1,508,347 | $ 1,295,000 | $ 1,295,000 | $ 1,399,400 | $ 1,465,000 | 13.1% |
| Rental Revenue | 1,395,493 | 1,410,000 | 1,410,000 | 1,244,400 | 1,445,100 | 2.5% |
| Other Revenues | 18,034 | 10,400 | 663,857 | 693,345 | 100 | -99.0% |
| Interest Income | 22,776 | 28,000 | 28,000 | 28,000 | 20,000 | -28.6% |
| Appropriated Fund Balance | - | 138,924 | 1,735,699 | 750,000 | 86,163 | -38.0% |
| Total Revenues | $ 2,944,650 | $ 2,882,324 | $ 5,132,556 | $ 4,115,145 | $ 3,016,363 | 4.7% |

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 1,283,914 | $ 1,682,726 | $ 1,568,726 | $ 1,332,952 | $ 1,745,018 | 3.7% |
| Operating | 1,004,764 | 1,199,598 | 3,133,188 | 2,782,193 | 1,271,345 | 6.0% |
| Capital | 57,619 | - | 430,642 | - | - | N/A |
| Contribution to Reserve | 598,353 | - | - | - | - | N/A |
| Total | $ 2,944,650 | $ 2,882,324 | $ 5,132,556 | $ 4,115,145 | $ 3,016,363 | 4.7% |

# *COMMUNITY DEVELOPMENT PROJECT ORDINANCES*
## *U.S. Department of Housing and Urban Development*
## *Community Development Program*
## *Summary of Activities*

The Town of Chapel Hill became an "entitlement" Community Development city in 1984, which means that the Town is entitled to receive Community Development grant funds annually upon submission of a final statement. Community Development grants awarded by Housing and Urban Development are implemented pursuant to grant project ordinances authorized by General Statute 159-13.12. Budgets are adopted throughout the year as the grant awards are received.

The 2018 project ordinance budgets a $418,344 grant and $21,777 program income for public housing improvements, homeownership assistance, homeowner housing improvement programs, code enforcement, neighborhood revitalization activities, summer youth employment programs, and homelessness case management.

The 2019 project ordinance budgets a grant of $386,584 for homeownership assistance, housing improvement programs for homeowners, code enforcement, neighborhood revitalization activities, the summer youth employment program, youth counseling services, and homelessness case management.

The 2020 project ordinance budgets a $417,591 grant and $7,339 program income for homeownership assistance, homeowner housing improvement programs, emergency housing assistance, the summer youth employment program, youth counseling services, and homelessness case management. There were also two COVID-19 related CDBG-CV ordinances in 2020:

- The Coronavirus funding round 3 project ordinance budgets a grant of $290,902 for remote learning scholarships, neighborhood support centers, and staffing and supplies for the food bank.

The 2021 project ordinance budgets a $418,300 grant and $7,339 program income for affordable rental acquisition and rehabilitation, homeowner housing improvement programs, neighborhood revitalization activities, youth counseling services, and homelessness case management.

The 2022 project ordinance budgets a $419,755 grant and $51,964 program income for homeownership assistance, homebuyer counseling, homeowner housing improvement programs, neighborhood revitalization, summer youth employment programs, youth counseling services, and homelessness case management.

The 2023 project ordinance budgets a $421,755 grant and $12,817 program income, for homeownership assistance, homebuyer counseling, homeowner housing improvement programs, neighborhood revitalization, summer youth employment programs, youth counseling services, and homelessness case management.

# *COMMUNITY DEVELOPMENT PROJECT ORDINANCES*
## *U.S. Department of Housing and Urban Development*
## *Community Development Program*
## *Summary of Activities*

The 2024 project ordinance budgets a $437,331 grant and $7,338 program income, for homeownership assistance, homeowner housing improvement programs, summer youth employment programs, microenterprise development, and homelessness case management.

The 2025 project ordinance budgets a $415,188 grant and $21,270 program income, for homeowner housing improvement programs, rental housing improvement projects, a summer youth employment program, microenterprise development, and homelessness case management.

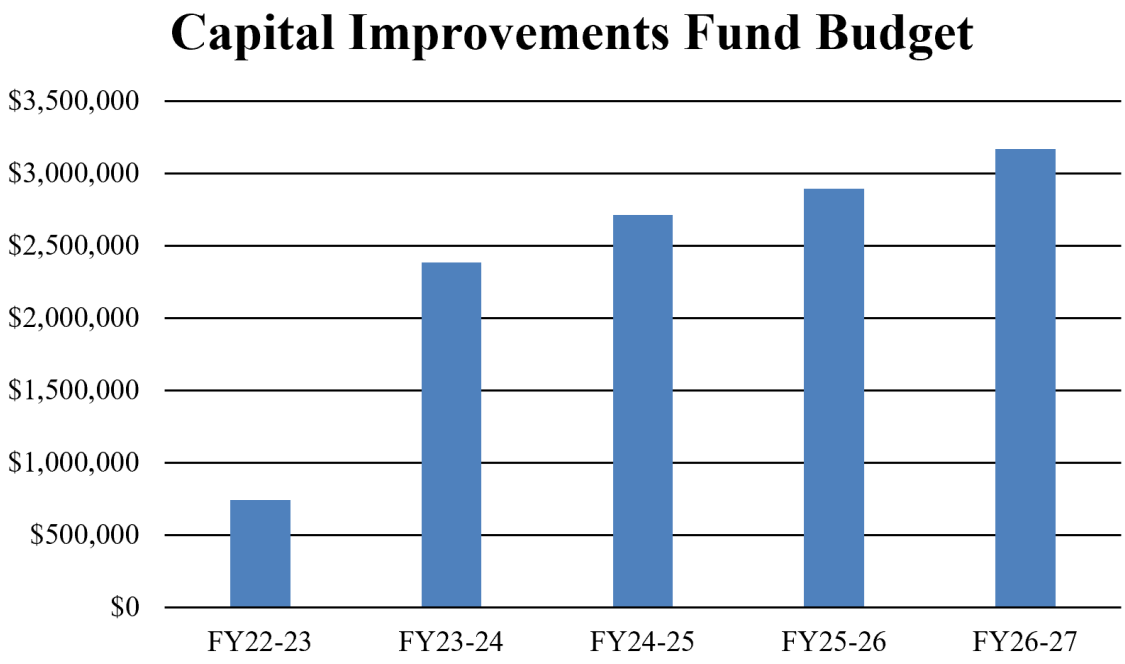
# *CAPITAL PROGRAM*

The Capital Program is a 15-year financial plan for the Town's major capital and infrastructure needs. The program identifies capital needs, establishes priorities, and identifies potential funding sources.

Key sources for development of the Capital Program include the Facility Condition Assessment, special studies, the Comprehensive Plan, and requests from the Council, citizens, and Town staff.

The Capital Program includes projects financed with bond funds, grants, or other sources. The Capital Improvements Fund and Capital Reserve Fund are generally funded by annual transfers from the Town's General Fund.

Expenditures in the Capital Improvements and Reserve Funds for 2026-27 are part of the 2026-27 annual budget. All other years are projected expenditures. Proposed funding levels will change in future years as capital programs are refined and the official Town budget is adopted for a given fiscal year.



# *CAPITAL PROGRAM – MAJOR REVENUE SOURCES*

**Capital Improvements Program**
The Capital Improvements Program (CIP) is a 15-year plan to fund capital projects that are selected based on a set of priorities and anticipated availability of funding. The program emphasizes projects at Town facilities, with the goal of addressing capital-related problems as they arise in order to avoid more costly repairs in the future.

The CIP process includes project identification from subject matter experts within departments using condition assessments, master plans, etc. These projects are evaluated internally via the CIP Leadership Committee.

**Pay-Go**
The Town annually budgets pay-go capital as a transfer from the General Fund for smaller-scale projects that do not require financing. This funding is reviewed as part of the annual budget process.

**2024 Bonds**
In November 2024, voters approved $44 million in bonds. The bond projects are assigned to five individual categories as follows:

- Public Facilities ($15 million): For the redevelopment of Fire Station #3 (Elliott Rd) and Fire Station #4 (Weaver Dairy Road).

- Affordable Housing ($15 million): For town and partner projects to help pay capital costs of providing housing for persons of low and moderate income.

- Sidewalks and Streets ($7.5 million): For improvements for bicycle and pedestrian safety, sidewalks, streets and bridges, and ADA improvements.

- Recreation Facilities ($4.5 million): Renovations to park facilities, including replacing the Artificial Turf at Homestead Rd, and building amenities like a climbing wall, pickleball court, and a splashpad.

- Trails and Greenways ($2 million): For expansion of the town's Greenway System.

The Town had its first issuance in June 2025 for $10.63 million.

**2018 Bonds**
In November 2018, voters approved $10 million for an Affordable Bond referendum. The Town has issued the full $10 million - $4.755 million in General Obligation bonds in May 2021 and $5.245 million in General Obligation bonds in March 2023.

# *CAPITAL PROGRAM – MAJOR REVENUE SOURCES*

**2015 Bonds**
In November 2015, voters approved $40.3 million in bonds. The bond projects are assigned to five individual categories as follows:

- Sidewalks and Streets ($16.2 million): For improvements for bicycle and pedestrian safety, sidewalks, streets and bridges, and Downtown Streetscape.

- Trails and Greenways ($5 million): For expansion of the town's Greenway System.

- Recreation Facilities ($8 million): Renovations to parks, Parks & Recreation administrative space, and a community programming space.

- Solid Waste Options ($5.2 million): Develop options for future solid-waste removal.

- Stormwater Improvements ($5.9 million): For drainage improvements, flood control, and stream restoration.

The Town has had four issuances for a total of $32.4 million under this referendum. The Town issued $9 million of General Obligation bonds in February 2017, $12.5 million of General Obligation bonds in March 2018, $7.7 million of General Obligation bonds in March 2023, and $3.2 million of General Obligation bonds in June 2025. The remainder of the authority lapsed in November 2025.

**Two-Thirds Bonds**
By NC General Statutes, the Town is able to issue two-thirds bonds without a referendum in an amount equivalent to two-thirds of the principal amount of debt retired in the prior fiscal year.

**Stormwater Management Fund**
Stormwater Management fees provide funding for the Town's Stormwater Management Department, including capital projects.

**Parking Facilities Fund**
Fees collected from Town-operated on-street and off-street parking areas provide funding for the Parking Services Department, including capital projects.

**Other Sources**

- *Community Development Block Grant (CDBG):* The Town receives annual federal grants from the U. S. Department of Housing and Urban Development (HUD). The Council approves a general 5-year spending plan to benefit lower-income neighborhoods and adopts an annual budget for these funds by a capital projects ordinance.

# *CAPITAL PROGRAM – MAJOR REVENUE SOURCES*

- *Housing Capital Grant:* In fiscal year 1993-94, the Town began receiving an annual entitlement for public housing renovations from the U. S. Department of Housing and Urban Development (HUD).

- *N.C. Department of Transportation (NCDOT):* For most public transit projects, the Federal Transit Administration provides 80% funding and the NCDOT provides an additional 10% match. For the State's thoroughfare, bikeways, and pedestrian programs, the NCDOT funds projects selected from an annual Transportation Improvements Program in which local governments request that the State fund these types of projects in their community. Local requests are considered in a State-wide priority list. Projects are implemented by the NCDOT.

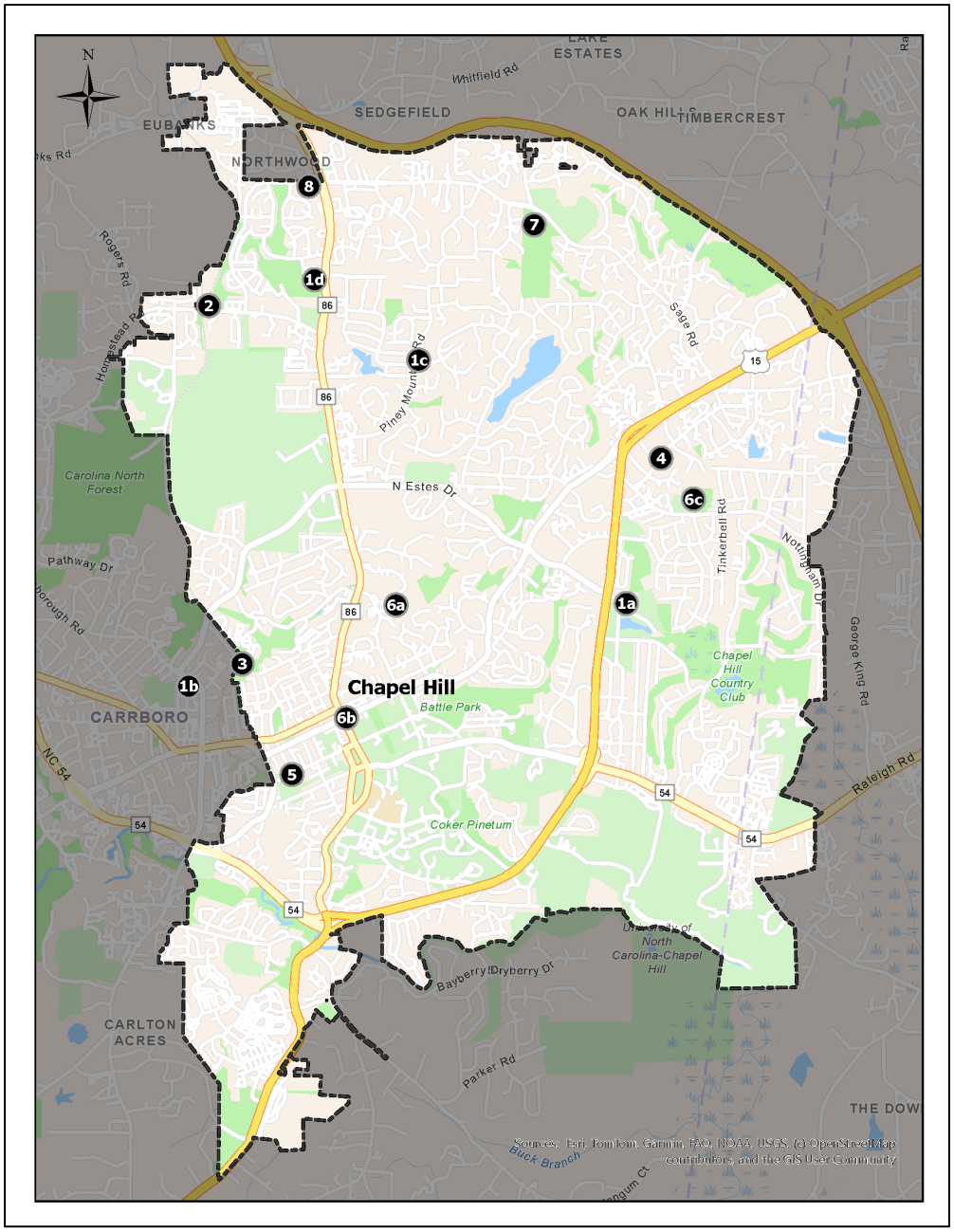
- *Surface Transportation Program (STP):* The Surface Transportation Program provides flexible funding for projects on Federal-aid highways, including shared use paths and related facilities that may have recreational use, bridge projects on public roads, transit capital projects, and intracity and intercity bus terminals and facilities.

- *Gifts:* Occasionally, citizens of Chapel Hill will provide the Town with contributions to be used toward a project for which the citizen holds a special interest.

- Additional financing options include Limited Obligation Bonds (LOBS) and Asset-Backed Installment Debt.

# *CAPITAL PROGRAM – KEY PROJECTS*

This section highlights key projects included in the 2027-41 Capital Program. The map below shows project locations:




***Location of Key Capital Projects***

**KEY**

1. Public Housing Neighborhood Improvements: 1a. South Estes; 1b. Oakwood 1c. Eastwood; 1d. Rainbow Heights;
2. Homestead Gardens; 3. Tanyard Branch Trace; 4. Longleaf Trace; 5. West Cameron Avenue Bicycle Improvements;
6. Street Construction/Roadway Improvements: 6a. Bolinwood Drive Bridge; 6b. Downtown Traffic Signal Mast Arms; 6c. Ephesus Church Rd Sidewalks; 7. Cedar Falls Park Tennis Courts Reconstruction; 8. Fire Station 4

**1. Public Housing Neighborhood Improvements**

The FY27 CIP includes funding for needed repairs and renovations to public housing apartments, facilities, and sites. These improvements to the public housing apartments support the Town's continued efforts to provide safe and sanitary living conditions to a portion of the lower-income citizens of Chapel Hill. Locations for planned improvements include our communities at South Estes, Oakwood, Eastwood, and Rainbow Heights.

Funding has also been allocated to conduct a comprehensive physical needs assessment and develop a strategic plan to support the long-term sustainability of the Town's public housing portfolio.



*South Estes Neighborhood*

**2. Homestead Gardens**

The Homestead Gardens project at 2200 Homestead Road is one of the Town's first efforts to develop affordable housing on Town land. The project broke ground in 2026 and will include 87 mixed-income affordable housing units, including rental apartments and for-sale duplexes and townhomes surrounded by a variety of community amenities, including a new segment of the Town's greenway, walking trails, and a basketball court.



**3. Tanyard Branch Trace**

The Tanyard Branch Trace project will include 48 new affordable housing units on Town land that was prioritized for affordable housing in 2018. The community will be located on Jay Street in Chapel Hill and will benefit residents of Chapel Hill/Orange County who earn up to 60% of the Area Median Income (AMI). The location is near transit and the Town's greenway system and is within walking distance of a Town park and the Chapel Hill and Carrboro downtowns.



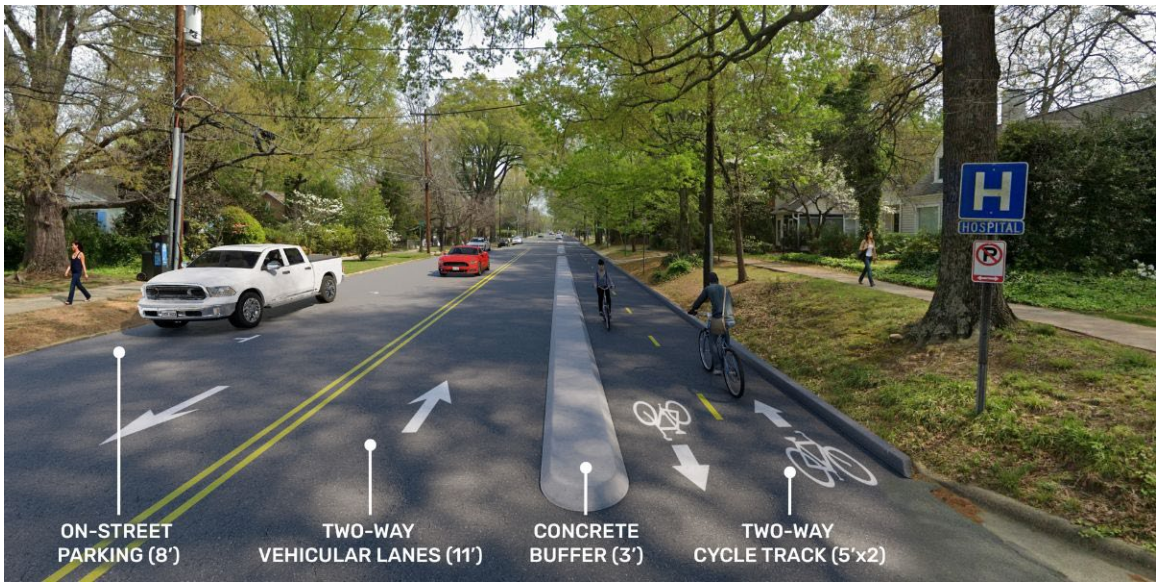
**4. Longleaf Trace**

The Longleaf Trace project will include 48 new affordable housing units for seniors earning less than 60% of the Area Median Income (AMI). The community will be located on Legion Road adjacent to Town land where the Town is planning for the development of affordable housing and a new Town park. The site is near existing transit, grocery and retail stores, a Town park, and a local school.



**5. West Cameron Avenue Bicycle Improvements**

The West Cameron Avenue Bicycle Improvements project will construct a protected two-way cycle track on the south side of Cameron Avenue between the Libba Cotten Bikeway and UNC Campus. It includes crossing improvements and converting the block of W. Cameron Ave between Pittsboro St and Columbia St to one-way westbound. The design will be completed by early 2027 and the project is expected to be put out to bid for construction by mid-2027.



**6. Street Construction/Roadway Improvements**

Various street projects in FY26-27 include: design and bid documentation for the replacement of Bolinwood Drive Bridge with the addition of new sidewalks, design and bid documentation for the installation of traffic signal mast arms and curb improvements at three intersections along Franklin Street downtown, and design and bid preparation for sidewalk infill connections along Ephesus Church Road. These projects will help provide alternative modes of transportation, improve our infrastructure, and help address community interests.




*Existing Bolinwood Drive Bridge*

**7. Cedar Falls Park Tennis Courts**

The Cedar Falls Park tennis courts are substantially complete. Work to relocate electrical lines damaged during construction is ongoing in partnership with Duke Energy and the contractor. Additional improvements planned include a new ADA-accessible paved path from the parking lot to the tennis complex, landscaping, benches, covered bleachers, and trash receptacles. Temporary signage will direct visitors to the alternate access path and inform the public that the courts will be open from dawn to dusk until electrical work is complete and new high-efficiency LED lighting is activated. The entire project is expected to be completed by late Fall 2026.



**8. Fire Station 4**

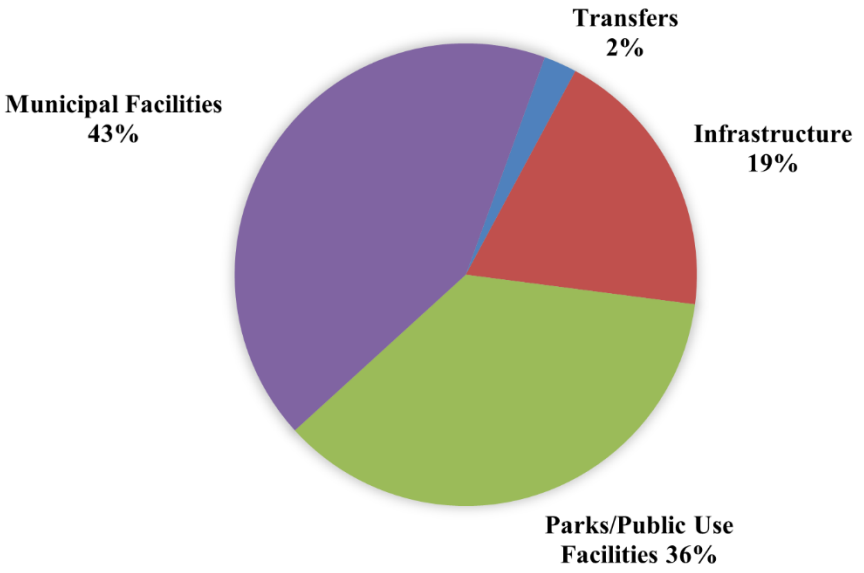
Fire Station 4, located at 101 Weaver Dairy Rd, is a 44-year-old fire station that serves the Chapel Hill community. In 2024, the Town sought a design professional to help design a modern fire station that would allow for expansion and meet the needs of the community. An agreement to perform a conceptual diagram of the new fire station began in May 2024. The project continues to grow and is expected to be completed in 2028. A conceptual image is shown below; however, it may change over the course of the design period. The improved facility ensures that Chapel Hill Fire Rescue will continue to deliver exceptional service, while focusing on the Town's sustainability initiatives and the care of our firefighters. Upon completion of the new fire station, the old station site will be demolished and converted into a mixed-use property, including affordable housing. The Town continues to seek a way forward for the design and development of a new state-of-the-art fire/rescue training center.



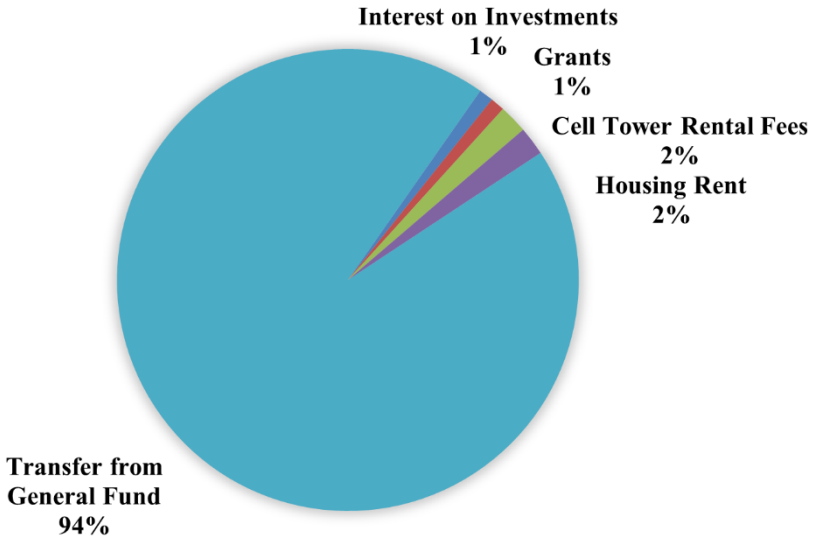
# *CAPITAL IMPROVEMENTS FUND*

The Capital Improvements Fund generally accounts for purchases and construction that can be completed within a single year. Capital Improvements Fund (CIP) projects are prioritized as part of the Town's 15-year capital program.

## EXPENDITURES




## REVENUES



# *CAPITAL IMPROVEMENTS FUND*
# *BUDGET SUMMARY*

*The budget for the Capital Improvements Program for 2026-27 totals $3,165,996 and includes projects to be completed in 2026-27. Beginning in FY 2018-19, the Town began budgeting funds for facility maintenance in the General Fund. Each year, depending on the nature of the planned projects, a portion of those funds will be transferred into the Capital Improvements Fund.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Municipal Facilities | $ 543,362 | $ 1,089,500 | $ 1,814,669 | $ 1,814,669 | $ 1,339,500 | 22.9% |
| Public Safety | 160,558 | - | 1,068,162 | 1,068,162 | - | N/A |
| Facilities Leased by Others | 79,283 | 73,093 | 250,119 | 250,119 | 73,093 | 0.0% |
| Infrastructure | 166,235 | 560,907 | 2,650,342 | 2,664,342 | 607,403 | 8.3% |
| Parks/Public Use Facilities | 503,510 | 1,146,000 | 2,188,415 | 2,188,415 | 1,146,000 | 0.0% |
| Transfers/Financing Costs | 26,802 | 26,496 | 57,496 | 26,496 | - | -100.0% |
| Total | $ 1,479,750 | $ 2,895,996 | $ 8,029,203 | $ 8,012,203 | $ 3,165,996 | 9.3% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Housing Rent Proceeds | $ 72,902 | $ 73,093 | $ 73,093 | $ 73,093 | $ 73,093 | 0.0% |
| Cell Tower Rental Fees | 72,896 | 70,000 | 70,000 | 70,000 | 70,000 | 0.0% |
| Interest on Investments | 70,710 | 15,500 | 15,500 | 15,500 | 15,500 | 0.0% |
| Vehicle Fees from GoTriangle | - | - | 17,000 | | | N/A |
| Grants | 188,548 | - | 962,444 | 962,444 | 20,000 | N/A |
| Transfer from General Fund | 2,586,623 | 2,737,403 | 3,777,418 | 3,777,418 | 2,987,403 | 9.1% |
| Appropriated Fund Balance | (1,511,929) | - | 3,113,748 | 3,113,748 | - | N/A |
| Total | $ 1,479,750 | $ 2,895,996 | $ 8,029,203 | $ 8,012,203 | $ 3,165,996 | 9.3% |

# *CAPITAL IMPROVEMENTS FUND*
# *DETAIL EXPENDITURES*

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget |
|---|---|---|---|---|---|
| **MUNICIPAL OPERATIONS FACILITIES** | | | | | |
| Extraordinary Maintenance, Emergency Repairs | $ 99,818 | $ 100,000 | $ 100,000 | $ 100,000 | $ 100,000 |
| Town Hall Repairs | - | - | - | - | 149,500 |
| Homestead HVAC | 60,853 | - | 198,347 | 198,347 | - |
| Council Chamber Upgrade | 2,602 | - | - | - | - |
| Town Hall Parking Deck Repairs | - | - | - | - | 40,000 |
| Post Office/Courthouse | - | - | - | - | 50,000 |
| Plant Road Maintenance | 33,419 | - | - | - | - |
| Public Works Wash Bay | 24,000 | - | - | - | - |
| Public Works Roof | - | 989,500 | 1,081,500 | 1,081,500 | - |
| Hargraves Center | 11,178 | - | - | - | - |
| Community Center Pool | - | - | - | - | 350,000 |
| Fire Station #2 | - | - | - | - | 85,000 |
| Public Works HVAC | - | - | - | - | 150,000 |
| Fire Station #5 | - | - | - | - | 240,000 |
| Hargraves HVAC | 237,664 | - | 113,157 | 113,157 | - |
| Community Center Roof | 16,960 | - | - | - | - |
| Community Center HVAC | 26,500 | - | 321,665 | 321,665 | - |
| General Facilities Maintenance | - | - | - | - | 175,000 |
| Parks Admin. HVAC | 29,768 | - | - | - | - |
| Town Operations Center | 600 | - | - | - | - |
| **Subtotal** | **$ 543,362** | **$ 1,089,500** | **$ 1,814,669** | **$ 1,814,669** | **$ 1,339,500** |
| **PUBLIC SAFETY** | | | | | |
| Fire Station #4 | 160,558 | - | 1,068,162 | 1,068,162 | - |
| **Subtotal** | **$ 160,558** | **$ -** | **$ 1,068,162** | **$ 1,068,162** | **$ -** |

# *CAPITAL IMPROVEMENTS FUND*
# *DETAIL EXPENDITURES*

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget |
|---|---|---|---|---|---|
| **TOWN FACILITIES LEASED BY OTHERS** | | | | | |
| Housing Maintenance | $ 79,283 | $ 73,093 | $ 250,119 | $ 250,119 | $ 73,093 |
| **Subtotal** | **$ 79,283** | **$ 73,093** | **$ 250,119** | **$ 250,119** | **$ 73,093** |
| **INFRASTRUCTURE** | | | | | |
| Everywhere to Everywhere | $ 85,147 | $ 401,403 | $ 2,116,186 | $ 2,116,186 | $ 401,403 |
| Path, Trail and Lot Maintenance | - | 25,000 | 50,000 | 50,000 | 25,000 |
| Curbs / ADA | 35,722 | 36,000 | 36,000 | 36,000 | 36,000 |
| Bike/Ped Safety | 45,366 | 98,504 | 448,156 | 462,156 | 145,000 |
| **Subtotal** | **$ 166,235** | **$ 560,907** | **$ 2,650,342** | **$ 2,664,342** | **$ 607,403** |
| **PARKS AND OTHER PUBLIC USE FACILITIES** | | | | | |
| Greenways | $ 29,218 | $ 50,000 | $ 63,030 | $ 66,443 | $ 50,000 |
| Playground Replacement | 50,532 | 50,000 | 13,666 | 22,182 | 50,000 |
| Cemetery Beautification | 17,870 | 20,000 | 11,608 | 20,000 | 20,000 |
| Parks Maintenance | 356,092 | 976,000 | 1,994,918 | 1,994,918 | 976,000 |
| Small Park Improvements | 49,798 | 50,000 | 105,193 | 84,872 | 50,000 |
| **Subtotal** | **$ 503,510** | **$ 1,146,000** | **$ 2,188,415** | **$ 2,188,415** | **$ 1,146,000** |
| **TRANSFER TO OTHER FUNDS AND FINANCING COSTS** | | | | | |
| Transfer to Grants Fund | $ 26,802 | $ 26,496 | $ 57,496 | $ 26,496 | $ - |
| **Subtotal** | **$ 26,802** | **$ 26,496** | **$ 57,496** | **$ 26,496** | **$ -** |
| **TOTALS** | **$ 1,479,750** | **$ 2,895,996** | **$ 8,029,203** | **$ 8,012,203** | **$ 3,165,996** |

# *PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS*

This section provides descriptions of various capital projects funded in the 2026-27 budget shown in Tables 1, 2, and 3. The projects listed are those funded or proposed to receive funding through the Capital Improvements Fund, Stormwater Management Funds, Grant Funds, Special Purpose Funds, and/or bonds.

The descriptions include information on the total funding proposed for each project, the funding source, the project location, the estimated impact on the operating budget, and where the project is listed in the 15-Year Project Tables which follow this section.

*Explanation: Operating Budget Impact*

Each project includes an assessment of the operating budget impact from implementing the project. For example, the development of a new park would increase the maintenance and programming costs for the Parks and Recreation Department. Not all projects would increase the operating budget costs. For example, renovations of a Town facility would have a net positive effect on the operating budget by reducing maintenance funded out of departments' operating budgets. The impact levels are to the right.



**High**: More than $25,000 a year

**Moderate:** $5,000 to $25,000 a year

**Low:** $1,000 to $5,000 a year

**No impact:** No impact on operating budget



**Positive:** Project will save operating budget funds

# *PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS*

## *Illustration: Tips for Reading Project Descriptions*

## MUNICIPAL OPERATIONS FACILITIES

**Project Category**

**Project Name**

**Extraordinary Maintenance, Emergency Repairs**

From time to time, unanticipated failures occur in building systems that require immediate emergency repairs. Examples of projects include roof repairs, HVAC system repairs/replacements, and swimming pool mechanical system repairs.

**Description**

*Table and Ref #:* Table 1, Ref #1

**Where to find project in Tables 1, 2 or 3, which appear after this section**

*Location:* Various sites

*Operating Budget Impact:* Positive (Thousands annually): Funding will reduce need to use operating funds for emergency repairs.

**Effect on Town's operating budget when project is implemented.**

***Adopted 2026-27 Budget and Projected Expenditures***

| ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| $100,000 | $100,000 | $100,000 | $100,000 | $100,000 | $500,000 | $1,500,000 | Capital Improvements Fund |

**Summary of 2026-27 budget and projected expenditures for project. See Projects by Funding Source tables (Tables 1 through 3) for projected expenditures for all 15 years.**

# *PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS*

## MUNICIPAL OPERATIONS FACILITIES

**Extraordinary Maintenance & Emergency Repairs**

From time to time, unanticipated failures occur in building systems that require immediate emergency repairs. Examples of projects include roof repairs, HVAC system repairs, and swimming pool mechanical system repairs.

*Table and Ref #:* Table 1, Ref #1
*Location:* Various sites
*Operating Budget Impact:* Positive (Thousands annually): Funding will reduce the need to use operating funds for emergency repairs.

***Adopted 2026-27 Budget and Projected Expenditures***

| ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| $100,000 | $100,000 | $100,000 | $100,000 | $100,000 | $500,000 | $1,500,000 | Capital Improvements Fund |

**Fire Station #5 Roof Design and Replacement**

The roof system at Fire Station #5 is over 25 years old and in need of replacement. The new roof system will provide a more energy efficient building that will help us assist with meeting our climate action goals.

*Table and Ref #:* Table 1, Ref #24
*Location:* Bennett Road
*Operating Budget Impact:* Positive: New roofing system will reduce the need to use operating funds for repairs.

***Adopted 2026-27 Budget and Projected Expenditures***

| ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| $240,000 | - | - | - | - | $240,000 | $240,000 | Capital Improvements Fund |

## MUNICIPAL OPERATIONS FACILITIES (CONTINUED)

**Community Center Pool Deck Roof Design and Replacement**

The fiberglass roof system above the pool area is 21 years old and in need of replacement. The new roof system will provide a more energy efficient building that will help us assist with meeting our climate action goals.

*Table and Ref #:* Table 1, Ref #16
*Location:* S. Estes Drive
*Operating Budget Impact:* Positive: New roofing system will reduce the need to use operating funds for repairs.

***Adopted 2026-27 Budget and Projected Expenditures***

| ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| $350,000 | - | - | - | - | $350,000 | $350,000 | Capital Improvements Fund |

## INFRASTRUCTURE

**Capital Repairs: Bikeways, Paths, and Public Parking Areas**

Funds will pay for repair and maintenance of existing paved paths and parking lots. Repair needs have been identified at fire stations, Public Works facilities, public housing developments, some Parks and Recreation facilities, the Library, and other locations.

*Table and Ref #:* Table 1, Ref #39
*Location:* Various Sites
*Operating Budget Impact:* Positive: Repairs will reduce the necessity to use operating funds to address needs.

***Adopted 2026-27 Budget and Projected Expenditures***

| ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| $25,000 | $25,000 | $25,000 | $25,000 | $25,000 | $125,000 | $375,000 | Capital Improvements Fund |

## INFRASTRUCTURE (CONTINUED)

**Curb Repairs: ADA Compliance**

Funding is used to address sidewalk problems and install curb ramps to comply with ADA requirements.

*Table and Ref #:* Table 1, Ref #40
*Location:* Various Sites
*Operating Budget Impact:* No Impact

***Adopted 2026-27 Budget and Projected Expenditures***

| ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| $36,000 | $36,000 | $36,000 | $36,000 | $36,000 | $180,000 | $540,000 | Capital Improvements Fund |

**Stormwater Project Construction/Design**

This funding provides for approximately 3-5 small infrastructure repair projects.

*Table and Ref #:* Table 2, Ref #101
*Location:* Various Sites
*Operating Budget Impact:* No Impact

***Adopted 2026-27 Budget and Projected Expenditures***

| ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| $80,400 | $80,400 | $80,400 | $80,400 | $80,400 | $402,000 | $1,206,000 | Stormwater Management Funds |

## INFRASTRUCTURE (CONTINUED)

**Bolinwood Drive Bridge Replacement**

The existing bridge is over 50 years old and was not constructed to safely accommodate pedestrians and cyclists. The Town identified this bridge replacement as a high-priority project in 2012, when our biennial Bridge Inspection Report from NCDOT classified the bridge as functionally obsolete.

*Table and Ref #:* Table 3, Ref #135
*Location:* Bolinwood Drive
*Operating Budget Impact:* No Impact

***Adopted 2026-27 Budget and Projected Expenditures***

| ***($2,350,000) budgeted in General Obligation Bonds in FY 2025-26*** <br> ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| - | - | - | - | - | - | - | Stormwater Management Funds |

**Bike and Pedestrian Safety/Vision Zero**

This recurring funding will be used to design and implement smaller scale bike and pedestrian projects, as well as fund Council's Vision Zero goals to eliminate deaths and serious injuries on Town roads by 2031. Recurring funds allow the Town to be proactive in improving safety as well as responsive to the concerns of residents. Funding also supports safety improvements and programs identified in the Vision Zero workplan, including small infrastructure projects, programs, and organizational strategies.

*Table and Ref #:* Table 1, Ref #41
*Location:* Various sites
*Operating Budget Impact:* No Impact

***Adopted 2026-27 Budget and Projected Expenditures***

| ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| $145,000 | $145,000 | $145,000 | $145,000 | $145,000 | $725,000 | $1,450,000 | Capital Improvements Fund |

# *PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS*

## PUBLIC SAFETY

**Fire Station #4 Replacement**

Funding will be used to develop construction drawings and then rebuild Fire Station 4 on the Training Center site adjacent to the current station. The existing station will remain operational during the build and, following completion, the property on which the current station sits will be utilized as a partnership with the Department of Housing and Community Development to build an affordable housing complex. Plans for the new fire station include administrative offices, living space for two fire units and a battalion chief, and three bays for apparatus.

*Table and Ref #:* Table 3, Ref #123
*Location:* Fire Station #4
*Operating Budget Impact:* No Impact

***Adopted 2026-27 Budget and Projected Expenditures***

| ***($1,230,000) budgeted in General Obligation Bonds in FY 2025-26*** <br><br> ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| - | - | - | - | - | - | - | General Obligation Bonds |

# *PROJECT DESCRIPTIONS AND COSTS – CURRENTLY FUNDED PROJECTS*

## PARKS AND OTHER PUBLIC USE FACILITIES

**Playgrounds**

Playground equipment in various locations throughout the Town needs repair and replacement to comply with current safety and ADA guidelines.

*Table and Ref #:* Table 1, Ref #45
*Location:* Various locations
*Operating Budget Impact:* Positive (Hundreds per year): Projects will reduce need to use operating budget for repairs.

***Adopted 2026-27 Budget and Projected Expenditures***

| ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| $50,000 | $50,000 | $50,000 | $50,000 | $50,000 | $250,000 | $500,000 | Capital Improvements Fund |

**Morgan Creek Greenway Extensions**

Two Morgan Creek Greenway Projects are nearing completion of the design phase. One project will extend eastward from Merritt's Pasture to Manning Drive, and the other will expand westward from the existing parking lot to Smith Level Road. Construction of the west extension is being funded through bond funding and federal money received via Triangle West Transportation Planning Organization (TPO).

*Table and Ref #:* Table 3, Ref #140
*Location:* Morgan Creek
*Operating Budget Impact:* No Impact

***Adopted 2026-27 Budget and Projected Expenditures***

| ***($2,446,694) budgeted in multi-year fund in FY 2016-17*** <br> ***Fiscal Year*** | | | | | ***5-Year Total*** | ***15-Year Total*** | ***Funding Source*** |
|---|---|---|---|---|---|---|---|
| **2026-27** | **2027-28** | **2028-29** | **2029-30** | **2030-31** | ***Through 2030-31*** | ***Through 2040-41*** | |
| - | - | - | - | - | - | - | 2015 Bond Issue |

# *CAPITAL PROGRAM TABLES – INTRODUCTION*

The Capital Improvements Program contains tables that outline the adopted budget for CIP projects in fiscal year 2026-27 and projected expenditures in future fiscal years for all funds, from 2026-27 through 2040-41. These tables are as follows:

- **Table 1. Capital Improvements.** Table 1 lists projects identified for Capital Improvements. Projects listed include adopted projects for 2026-27 and other identified capital improvement needs for future years.

- **Table 2. Other Sources.** Table 2 lists capital projects funded by grants or other available or anticipated funding sources other than the Capital Improvements Fund. These project budgets would be established by separate project ordinances.

- **Table 3. Approved Bond Schedule.** Table 3 lists projects to be funded using voter -approved bonds and shows the bond-sale schedule approved by the Council.

## *TABLE 1: Capital Improvements*

| Reference # | Project | 2025-26 Revised Budget | 2026-27 Adopted Budget | 2027-28* |
|---|---|---|---|---|
| | **Municipal Operations Facilities** | | | |
| 1 | Extraordinary Maintenance, Emergency Repairs | $ 100,000 | $ 100,000 | $ 100,000 |
| 2 | General Facilities Maintenance | - | 175,000 | |
| 3 | Small Capital Improvements | - | - | 100,000 |
| 4 | Town Hall Repairs | - | 149,500 | - |
| 5 | Town Hall Parking Deck Repairs | - | 40,000 | 100,000 |
| 6 | Town Hall Alarm Panel Replacements | - | - | - |
| 7 | Town Hall HVAC Design & Replacement | - | - | - |
| 8 | Town Hall - Safety & Security Improvements | - | - | - |
| 9 | Town Hall Elevators | - | - | - |
| 10 | Post Office/Courthouse | - | 50,000 | - |
| 11 | Public Works Roof | 1,081,500 | - | - |
| 12 | Public Works HVAC Design & Replacement | - | 150,000 | 1,150,000 |
| 13 | Homestead Aquatic Center Roof | - | - | |
| 14 | Homestead Aquatic Center HVAC | 198,347 | - | - |
| 15 | Hargraves HVAC | 113,157 | - | - |
| 16 | Community Center Fiberglass Pool Roof | - | 350,000 | - |
| 17 | Community Center HVAC Replacement | 321,665 | - | - |
| 18 | Parks Facility Condition Assessment | - | - | - |
| 19 | Fire Station #1 HVAC Design & Replacement | - | - | 150,000 |
| 20 | Fire Station #1 Generator | - | - | - |
| 21 | Fire Station #2 Balcony | - | 85,000 | - |
| 22 | Fire Station #3 Roof | - | - | - |
| 23 | Fire Station #3 Generator | - | - | - |
| 24 | Fire Station #5 Roof | - | 240,000 | - |
| 25 | Library Roof | - | - | - |
| 26 | Library HVAC Replacement | - | - | - |
| 27 | Library Interior Paint & Carpet Tile | - | - | - |
| 28 | Historic Town Hall Renovation Phase I | - | - | - |
| 29 | Post Office Cupola Maintenance | - | - | - |
| 30 | Small Parks Restroom and Nunn Mountain Building Painting | - | - | - |
| | **Public Safety** | | | |
| 31 | Fire Station #4 | 1,068,162 | - | 500,000 |
| 32 | Cascade Unit System | - | - | 58,000 |
| 33 | Air Packs/Self-Contained Breathing Apparatus (SCBA) | - | - | 600,000 |
| 34 | Replace/Upgrade Existing Records Management System | - | - | - |
| 35 | Driving Simulator | - | - | - |
| 36 | Mobile Command Center | | | - |
| | **Town Facilities Leased by Others** | | | |
| 37 | Housing Maintenance | 250,119 | 73,093 | 73,093 |
| | **Infrastructure** | | | |
| 38 | Everywhere to Everywhere | 2,116,186 | 401,403 | 401,403 |
| 39 | Path, Trail, & Lot Maintenance | 50,000 | 25,000 | 25,000 |
| 40 | Curb Cut Improvements (ADA) | 36,000 | 36,000 | 36,000 |
| 41 | Bike & Ped Safety/Vision Zero | 448,156 | 145,000 | 145,000 |
| 42 | Bridge Maintenance | - | - | - |
| 43 | Various Street Signal Rebuilds | - | - | - |

| 2028-29* | 2029-30* | 2030-31* | 2031-41* | Reference # |
|---|---|---|---|---|
| | | | | |
| $ 100,000 | $ 100,000 | $ 100,000 | $ 1,000,000 | 1 |
| | | | | 2 |
| - | - | - | - | 3 |
| - | - | - | - | 4 |
| - | - | - | - | 5 |
| 150,000 | - | - | - | 6 |
| - | 175,000 | 1,600,000 | - | 7 |
| - | - | - | 171,485 | 8 |
| - | - | - | 250,000 | 9 |
| - | - | - | - | 10 |
| - | - | - | - | 11 |
| - | - | - | - | 12 |
| 90,000 | 1,145,000 | - | - | 13 |
| - | - | - | - | 14 |
| - | - | - | - | 15 |
| - | - | - | - | 16 |
| - | - | - | - | 17 |
| - | - | - | 300,000 | 18 |
| - | - | - | - | 19 |
| - | - | - | 161,345 | 20 |
| - | - | - | - | 21 |
| 200,000 | - | - | - | 22 |
| - | - | - | 180,116 | 23 |
| - | - | - | - | 24 |
| - | - | - | 1,400,000 | 25 |
| - | - | - | 1,320,000 | 26 |
| 230,975 | - | - | - | 27 |
| 650,000 | - | - | - | 28 |
| 50,000 | - | - | - | 29 |
| 75,000 | - | - | - | 30 |
| | | | | |
| - | - | - | - | 31 |
| - | - | - | - | 32 |
| 600,000 | - | - | - | 33 |
| - | 407,000 | - | - | 34 |
| - | - | 161,500 | - | 35 |
| - | - | 400,000 | - | 36 |
| | | | | |
| 73,093 | 73,093 | 73,093 | 730,930 | 37 |
| | | | | |
| 401,403 | 401,403 | 401,403 | 4,014,030 | 38 |
| 25,000 | 25,000 | 25,000 | 250,000 | 39 |
| 36,000 | 36,000 | 36,000 | 360,000 | 40 |
| 145,000 | 145,000 | 145,000 | 1,450,000 | 41 |
| - | - | 100,000 | 50,000 | 42 |
| - | - | - | 749,167 | 43 |

## *TABLE 1: Capital Improvements*

| Reference # | Project | 2025-26 Revised Budget | 2026-27 Adopted Budget | 2027-28* |
|---|---|---|---|---|
| | **Parks and Other Public Use Facilities** | | | |
| 44 | Greenways | 63,030 | 50,000 | 50,000 |
| 45 | Playground Replacement | 13,666 | 50,000 | 50,000 |
| 46 | Cemetery Beautification | 11,608 | 20,000 | 20,000 |
| 47 | Parks Maintenance | 1,994,918 | 976,000 | - |
| 48 | Small Parks Improvements | 105,193 | 50,000 | 50,000 |
| 49 | Cedar Falls Park Parking Lot | - | - | 480,000 |
| 50 | Cedar Falls Park Master Plan | - | - | - |
| 51 | Cedar Falls Park Picnic Shelter and Restroom Building | - | - | - |
| 52 | Hargraves Park Master Plan | - | - | 200,000 |
| 53 | Hargraves Park ADA Renovations | - | - | 400,000 |
| 54 | Hargraves Park Parking Lot Design and Construction | - | - | - |
| 55 | Umstead Park Renovations | - | - | - |
| 56 | Burlington Park Renovations | - | - | - |
| 57 | Boundary Marking of Parks and Open Space | - | - | - |
| 58 | Community Center Infrastructure | - | - | - |
| 59 | Community Center ADA Sidewalk Design & Construction | - | - | - |
| 60 | Community Center Picnic Shelter and Restroom | - | - | - |
| 61 | Ephesus Park Restroom Building Design | - | - | - |
| 62 | Ephesus Park Courts Design and Reconstruction | - | - | - |
| 63 | Meadowmont Park Dam Replacement | - | - | - |
| 64 | Meadowmont Park Paths and Trails Design and Construction | - | - | - |
| 65 | Homestead Park Splash Pad | - | - | - |
| 66 | North Forest Hills Park Renovations | - | - | - |
| 67 | Erwin Road Neighborhood Park Master Plan | - | - | - |
| 68 | Oakwood Park Restroom Building | - | - | - |
| 69 | Southern Community Park Renovations | - | - | - |
| 70 | Legion Road & Ephesus Parks Construction | - | - | - |
| 71 | AD Clark and CC Pump Room Remodel and Pool Resurfacing | - | - | - |
| 72 | Library A/V System Upgrades/Replacements | - | - | - |
| 73 | Library All Gender Bathroom | - | - | - |
| 74 | Library Automated Materials Handler | - | - | - |
| | **Total** | **$ 7,971,707** | **$ 3,165,996** | **$ 4,688,496** |

*Future years after FY2026-27 are for planning purposes only.

| 2028-29* | 2029-30* | 2030-31* | 2031-41* | Reference # |
|---|---|---|---|---|
| | | | | |
| 50,000 | 50,000 | 50,000 | 500,000 | 44 |
| 50,000 | 50,000 | 50,000 | 500,000 | 45 |
| 20,000 | 20,000 | 20,000 | 200,000 | 46 |
| - | - | - | - | 47 |
| 50,000 | 50,000 | 50,000 | 500,000 | 48 |
| - | - | - | - | 49 |
| - | - | - | 150,000 | 50 |
| - | - | 960,000 | - | 51 |
| - | - | - | - | 52 |
| - | - | - | - | 53 |
| - | - | - | 1,560,000 | 54 |
| 960,000 | - | - | - | 55 |
| - | 600,000 | - | - | 56 |
| - | 325,000 | - | - | 57 |
| - | - | - | 600,000 | 58 |
| - | - | - | 240,000 | 59 |
| - | - | - | 1,000,000 | 60 |
| - | - | - | 600,000 | 61 |
| - | - | - | 1,885,000 | 62 |
| - | - | - | 1,200,000 | 63 |
| - | - | - | 400,000 | 64 |
| - | - | - | 640,000 | 65 |
| - | - | - | 600,000 | 66 |
| - | - | - | 150,000 | 67 |
| - | - | - | 792,000 | 68 |
| - | - | - | 400,000 | 69 |
| - | - | - | 225,000 | 70 |
| - | - | - | 432,000 | 71 |
| - | - | - | 363,077 | 72 |
| - | - | - | 120,000 | 73 |
| - | - | - | 450,000 | 74 |
| **$ 3,956,471** | **$ 3,602,496** | **$ 4,171,996** | **$ 25,894,150** | |

## *TABLE 2: Other Sources - Current Year Budget and Future Budget Requests*

| Reference # | Project | Revised Budget 2025-26 | Adopted 2026-27 | 2027-28* |
|---|---|---|---|---|
| | **Municipal Operations Facilities** | | | |
| 75 | Comprehensive Public Housing Renovations | $ 1,085,302 | $ - | $ - |
| 76 | Comprehensive Public Housing Renovations | 1,209,694 | - | - |
| 77 | Comprehensive Public Housing Renovations | 1,145,776 | - | - |
| 78 | Comprehensive Public Housing Renovations | 403,843 | - | - |
| 79 | Comprehensive Public Housing Renovations | 201,556 | - | - |
| 80 | Comprehensive Public Housing Renovations | 50,577 | - | - |
| 81 | Multi-Agency Complex Project | 23,394 | - | - |
| 82 | Fire Training Center | - | - | - |
| 83 | Fire Station 1 Renovation | - | - | - |
| 84 | Fire Station 5 Remodel | - | - | - |
| 85 | Building Addition to Public Works | - | - | - |
| 86 | Historic Town Hall Renovation Phase 2 | - | - | - |
| 87 | Teen Center/Archives Renovation | - | - | - |
| 88 | Parks & Recreation Facility | - | - | - |
| 89 | Solid Waste Facility | - | - | - |
| | **Public Safety** | | | |
| 90 | Fire Station #3 Design | - | - | - |
| 91 | Drone Program | - | - | - |
| 92 | Engine 31 | - | - | - |
| 93 | Engine 32 | - | - | - |
| 94 | Engine 33 | - | - | - |
| 95 | Engine 35 | - | - | 1,100,000 |
| 96 | Squad 61 | - | - | - |
| 97 | Ladder 72 | - | - | - |
| | **Infrastructure** | | | |
| 98 | Fordham Sidepath[1] | 1,783,079 | - | - |
| 99 | Estes Drive Bike & Ped Improvements[1] | 844,625 | - | - |
| 100 | Rogers Road Design and Engineering | 189,461 | - | - |
| 101 | Stormwater Projects | - | 80,400 | 80,400 |
| 102 | Subwatershed Modeling | 2,204,096 | 1,096,360 | - |
| 103 | Watershed Basin Planning Model | - | - | - |
| 104 | MLK Jr. Blvd Floodplain Reconnection Project | - | - | - |
| 105 | Piney Mountain Rd Floodplain Reconnection Project | - | - | - |
| 106 | New Parkside Floodplain Reconnection Project | - | - | - |
| 107 | Willow Dr Floodplain Reconnection Project | - | - | - |
| 108 | Red Bud Floodplain Reconnection Project | - | - | - |
| 109 | Daley Rd Floodplain Reconnection Project | - | - | - |
| 110 | West Rosemary Streetscape Improvements | - | - | - |
| 111 | Traffic Signal System Upgrade for NS RAPID | - | - | - |
| | **Parks and Other Public Use Facilities** | | | |
| 112 | Homestead Skatepark Renovation | 530,953 | - | - |
| 113 | Bolin Creek Greenway Extension | 288,087 | - | - |
| 114 | Morgan Creek Trail, East Section | 179,672 | - | - |
| 115 | Homestead Park Greenway Extension | - | - | - |
| 116 | Estes Drive Extension Bike-Ped Improvements | - | - | - |
| 117 | Athletic Fields Conversion to LED Lights | - | - | - |
| 118 | Multipurpose Field Turf and LED Lights | - | - | - |
| 119 | Hargraves Park AD Clark Pool Remodel | - | - | - |
| | **TOTAL** | **$ 10,140,115** | **$ 1,176,760** | **$ 1,180,400** |

*Future years after FY2026-27 are for planning purposes only.

[1]In addition to the funding shown on this table, these projects are also funded by Streets & Sidewalks Bonds.

| 2028-29* | 2029-30* | 2030-31* | 2031-41* | Fund Source | Reference # |
|---|---|---|---|---|---|
| | | | | | |
| $ - | $ - | $ - | $ - | HUD Grant | 75 |
| - | - | - | - | HUD Grant | 76 |
| - | - | - | - | HUD Grant | 77 |
| - | - | - | - | HUD Grant | 78 |
| - | - | - | - | HUD Grant | 79 |
| - | - | - | - | HUD Grant | 80 |
| - | - | - | - | Multi-year Capital Project Ordinance | 81 |
| - | - | - | 8,145,000 | Future Financing | 82 |
| - | - | - | 575,000 | Future Financing | 83 |
| - | - | - | 1,050,000 | Future Financing | 84 |
| - | - | - | 6,000,000 | Future Financing | 85 |
| - | - | - | 5,498,448 | Future Financing | 86 |
| - | - | - | 2,025,000 | Future Financing | 87 |
| - | - | - | 6,000,000 | Future Financing | 88 |
| - | - | - | 5,000,000 | Future Financing | 89 |
| | | | | | |
| - | - | 1,500,000 | - | Fire Capital | 90 |
| - | - | - | 1,427,000 | Fire Capital | 91 |
| - | - | - | 1,100,000 | Fire Capital | 92 |
| - | 1,157,625 | - | - | Fire Capital | 93 |
| - | 1,157,625 | - | - | Fire Capital | 94 |
| - | - | - | - | Fire Capital | 95 |
| 1,400,000 | - | - | - | Fire Capital | 96 |
| - | - | - | 2,315,250 | Fire Capital | 97 |
| | | | | | |
| - | - | - | - | NCDOT Direct Allocation Grant | 98 |
| - | - | - | - | Multiple Sources | 99 |
| - | - | - | - | Multi-year Capital Project Ordinance | 100 |
| 80,400 | 80,400 | 80,400 | 804,000 | Stormwater Management Funds | 101 |
| - | - | - | - | Stormwater Management Funds | 102 |
| - | - | 2,600,000 | 500,000 | Stormwater Management Funds | 103 |
| - | - | - | 7,275,000 | Stormwater Management Funds | 104 |
| - | - | - | 3,660,000 | Stormwater Management Funds | 105 |
| - | - | - | 5,350,000 | Stormwater Management Funds | 106 |
| - | - | - | 4,010,000 | Stormwater Management Funds | 107 |
| - | - | - | 1,500,000 | Stormwater Management Funds | 108 |
| - | - | - | 6,100,000 | Stormwater Management Funds | 109 |
| 977,604 | - | - | 5,474,399 | Future Financing | 110 |
| - | 669,306 | - | - | Future Financing | 111 |
| | | | | | |
| | - | - | - | ARPA Funds | 112 |
| - | - | - | - | ARPA Funds | 113 |
| - | - | - | - | ARPA Funds | 114 |
| - | - | - | 898,932 | Future Financing | 115 |
| - | - | - | 1,000,000 | Future Financing | 116 |
| - | - | - | 1,000,000 | Future Financing | 117 |
| - | - | - | 6,500,000 | Future Financing | 118 |
| - | - | - | 4,800,000 | Future Financing | 119 |
| **$ 2,458,004** | **$ 3,064,956** | **$ 4,180,400** | **$ 88,008,029** | | |

## *TABLE 3: Issued Bond Projects*

| | | | | 2017 Bond Sale ($9,615,091) | 2018 Bond Sale ($13,099,788) |
|---|---|---|---|---|---|
| Reference # | Council Priority | Project Name | Category | 2016-17 | 2017-18 |
| | **Public Safety** | | | | |
| 120 | 5 | Fire Ladder Truck | Public Safety | $ - | $ - |
| 121 | 5 | Fire Engine | Public Safety | - | - |
| 122 | 5 | Police Department Upfit | Public Safety | - | - |
| 123 | 5 | Fire Station #4 | Public Safety | - | - |
| | **Infrastructure** | | | | |
| 124 | 2 | Downtown Improvements - Streetscape | Sidewalks & Streets | 414,266 | 800,000 |
| 125 | 7 | Capital Project Management, Bond Issuance Costs | Sidewalks & Streets | 425,091 | 263,907 |
| 126 | 2 | Neighborhood Traffic Calming, Pedestrian, and Bicycle Improvements | Sidewalks & Streets | 670,134 | - |
| 127 | 7 | Public Art | Sidewalks & Streets | 30,000 | 55,000 |
| 128 | 2 | Streets and Bridges | Sidewalks & Streets | 1,000,000 | 775,000 |
| 129 | 2 | Sidewalks and Bicycle Facilities | Sidewalks & Streets | 1,075,600 | 3,870,000 |
| 130 | 2 | Fordham Sidepath | Sidewalks & Streets | - | - |
| 131 | 2 | Tier 1 Sidewalk Projects | Sidewalks & Streets | - | - |
| 132 | 2 | ADA Transition Projects | Sidewalks & Streets | - | - |
| 133 | 2 | Ephesus Church Rd. Sidewalk | Sidewalks & Streets | - | - |
| 134 | 6 | Elliott Road Storage Project | Stormwater | - | 2,829,554 |
| 135 | 6 | Bolinwood Bridge | Stormwater | - | - |
| 136 | 6 | Legion Rd. Pond | Stormwater | - | - |
| 137 | 2 | 125 East Rosemary Street Parking Deck | Parking | - | - |
| | **Parks and Other Public Use Facilities** | | | | |
| 138 | 2 | Bolin Creek Trail | Parks/Recreational Facilities | 1,163,306 | - |
| 139 | 2 | Tanyard Branch Trail | Parks/Recreational Facilities | 1,390,000 | - |
| 140 | 2 | Morgan Creek Trail | Parks/Recreational Facilities | 2,446,694 | - |
| 141 | 2 | Playground Improvements | Parks/Recreational Facilities | 1,000,000 | - |

**COLUMN DESCRIPTION KEY**

**Council Priority**
1 - Council Authorized Contracts
2 - Projects that have a Council mandate
3 - Projects that we have a legal requirement to perform or complete
4 - Projects that would repair or maintain existing Town facilities/infrastructure above and beyond ordinary maintenance
5 - Projects involving public safety
6 - Projects which are part of an adopted master plan
7 - Other projects

| 2021 Two-Thirds Bonds (3,511,731) | 2021 Bond Sale ($5,213,966) | 2021 LOBS ($45,995,650) | 2023 Bond Sale ($14,384,697) | 2024 LOBS ($16,161,000) | 2025 Bond Sale ($13,830,000) | | |
|---|---|---|---|---|---|---|---|
| 2020-21 | | 2021-22 | 2022-23 | 2023-24 | 2024-25 | TOTAL | Reference # |
| | | | | | | | |
| $ - | $ - | $ - | $ - | $ 2,323,000 | $ - | **$ 2,323,000** | 120 |
| 654,500 | - | - | - | - | - | **654,500** | 121 |
| - | - | - | - | 1,717,000 | - | **1,717,000** | 122 |
| - | - | - | - | - | 1,230,000 | **1,230,000** | 123 |
| | | | | | | | |
| - | - | - | - | - | - | **1,214,266** | 124 |
| 69,759 | - | - | - | - | - | **758,757** | 125 |
| - | - | - | - | - | - | **670,134** | 126 |
| - | - | - | - | - | - | **85,000** | 127 |
| 1,323,581 | - | 6,549,436 | 9,057,087 | - | - | **18,705,104** | 128 |
| 223,581 | - | - | - | - | - | **5,169,181** | 129 |
| - | - | - | - | - | 2,000,000 | **2,000,000** | 130 |
| - | - | - | - | - | 700,000 | **700,000** | 131 |
| - | - | - | - | - | 500,000 | **500,000** | 132 |
| - | - | - | - | - | 2,200,000 | **2,200,000** | 133 |
| - | - | - | - | - | - | **2,829,554** | 134 |
| - | - | - | - | - | 2,350,000 | **2,350,000** | 135 |
| - | - | - | - | - | 850,000 | **850,000** | 136 |
| - | - | 39,446,214 | - | 12,121,000 | - | **51,567,214** | 137 |
| | | | | | | | |
| - | - | - | - | - | - | **1,163,306** | 138 |
| - | - | - | - | - | - | **1,390,000** | 139 |
| - | - | - | - | - | - | **2,446,694** | 140 |
| - | - | - | - | - | - | **1,000,000** | 141 |

## *TABLE 3 (cont'd): Issued Bond Projects*

| | | | | 2017 Bond Sale ($9,615,091) | 2018 Bond Sale ($13,099,788) |
|---|---|---|---|---|---|
| Reference # | Council Priority | Project Name | Category | 2016-17 | 2017-18 |
| | **Parks and Other Public Use Facilities** | | | | |
| 142 | 2 | Cedar Falls Park Tennis Complex | Parks/Recreational Facilities | - | - |
| 143 | 2 | Hargraves Parks Tennis Courts | Parks/Recreational Facilities | - | - |
| 144 | 2 | Ephesus Parks Tennis & Pickleball Courts | Parks/Recreational Facilities | - | - |
| 145 | 2 | Hargraves Park Playground | Parks/Recreational Facilities | - | - |
| 146 | 2 | AD Clark Pool | Parks/Recreational Facilities | - | - |
| 147 | 2 | Umstead Park Basketball Court | Parks/Recreational Facilities | - | - |
| 148 | 2 | Homestead Aquatic Center Pool | Parks/Recreational Facilities | - | - |
| 149 | 2 | Community Center Climbing Wall | Parks/Recreational Facilities | - | - |
| 150 | 2 | American Legion Property | Open Space and Areas | - | 4,506,327 |
| | **Affordable Housing** | | | | |
| 151 | 2 | Weavers Grove Development | Affordable Housing | - | - |
| 152 | 2 | Johnson Street Apartments | Affordable Housing | - | - |
| 153 | 2 | 2200 Homestead Road | Affordable Housing | - | - |
| 154 | 2 | Perry Place | Affordable Housing | - | - |
| 155 | 2 | Trinity Court | Affordable Housing | - | - |
| 156 | 2 | Longleaf Trace | Affordable Housing | - | - |
| 157 | 2 | Davie Circle | Affordable Housing | - | - |
| 158 | 2 | Cedar Hills | Affordable Housing | - | - |
| 159 | 2 | Carver Street | Affordable Housing | - | - |
| 160 | 2 | Capital Project Management, Bond Issuance Costs | Affordable Housing | - | - |
| 161 | 2 | Affordable Housing Project Reserve | Affordable Housing | - | - |
| 162 | 2 | Affordable Housing Partner Projects | Affordable Housing | - | - |
| | | **TOTAL** | | **$ 9,615,091** | **$ 13,099,788** |

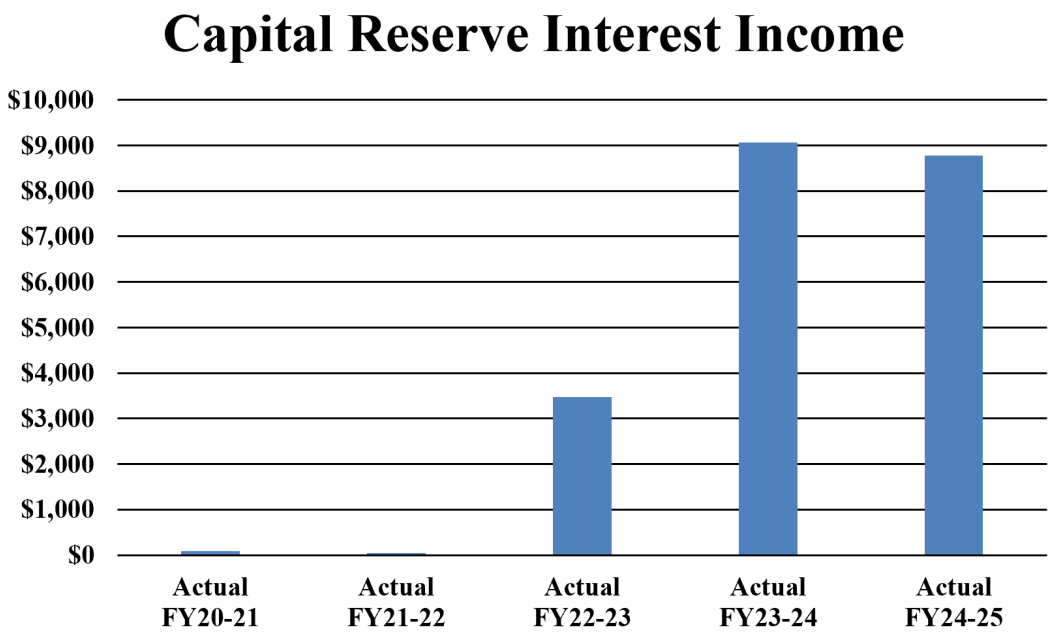
**COLUMN DESCRIPTION KEY**

**Council Priority**
1 - Council Authorized Contracts
2 - Projects that have a Council mandate
3 - Projects that we have a legal requirement to perform or complete
4 - Projects that would repair or maintain existing Town facilities/infrastructure above and beyond ordinary maintenance
5 - Projects involving public safety
6 - Projects which are part of an adopted master plan
7 - Other projects

| 2021 Two-Thirds Bonds (3,511,731) | 2021 Bond Sale ($5,213,966) | 2021 LOBS ($45,995,650) | 2023 Bond Sale ($14,384,697) | 2024 LOBS ($16,161,000) | 2025 Bond Sale ($13,830,000) | | |
|---|---|---|---|---|---|---|---|
| 2020-21 | | 2021-22 | 2022-23 | 2023-24 | 2024-25 | TOTAL | Reference # |
| | | | | | | | |
| 371,310 | - | - | - | - | - | **371,310** | 142 |
| 573,600 | - | - | - | - | - | **573,600** | 143 |
| 92,000 | - | - | - | - | - | **92,000** | 144 |
| 1,475 | - | - | - | - | - | **1,475** | 145 |
| 9,925 | - | - | - | - | - | **9,925** | 146 |
| 30,000 | - | - | - | - | - | **30,000** | 147 |
| 162,000 | - | - | - | - | - | **162,000** | 148 |
| - | - | - | - | - | 500,000 | **500,000** | 149 |
| - | - | - | - | - | - | **4,506,327** | 150 |
| | | | | | | | |
| - | 1,255,692 | - | 300,000 | - | - | **1,555,692** | 151 |
| - | 200,000 | - | - | - | - | **200,000** | 152 |
| - | 3,300,000 | - | 2,920,204 | - | - | **6,220,204** | 153 |
| - | 246,913 | - | - | - | - | **246,913** | 154 |
| - | - | - | 474,796 | - | - | **474,796** | 155 |
| - | - | - | 950,000 | - | - | **950,000** | 156 |
| - | - | - | 200,000 | - | - | **200,000** | 157 |
| - | - | - | 25,000 | - | - | **25,000** | 158 |
| - | - | - | 375,000 | - | - | **375,000** | 159 |
| - | 103,417 | - | 82,610 | - | - | **186,027** | 160 |
| - | 107,944 | - | - | - | - | **107,944** | 161 |
| - | - | - | - | - | 3,500,000 | **3,500,000** | 162 |
| **$ 3,511,731** | **$ 5,213,966** | **$ 45,995,650** | **$ 14,384,697** | **$ 16,161,000** | **$ 13,830,000** | **$ 107,981,923** | |

# *CAPITAL RESERVE FUND*

The Capital Reserve Fund accounts for funds reserved for specific capital improvement projects, including water and sewer improvements.



# *CAPITAL RESERVE FUND*
# *BUDGET SUMMARY*

*No appropriations are planned for the Capital Reserve Fund for 2026-27, which had a fund balance of $239,412 as of June 30, 2025.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Reserved for CIP | $ - | $ - | $ - | $ - | $ - | N/A |
| Transfer to Capital Improvements Fund | - | - | - | - | - | N/A |
| Transfer to General Fund | - | - | - | - | - | N/A |
| Total | $ - | $ - | $ - | $ - | $ - | N/A |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Interest on Investments | $ 8,778 | $ - | $ - | $ - | $ - | N/A |
| Appropriated Fund Balance | (8,778) | - | - | - | - | N/A |
| Total | $ - | $ - | $ - | $ - | $ - | N/A |

# *MAJOR CAPITAL BOND PROJECTS*

Several major capital improvement projects were approved by bond referenda in November 2003, November 2015, November 2018, and November 2024 and by limited obligation bonds in 2021 and 2024.

As authorized by General Statute 159.13.2, capital project ordinances were established for each of the projects for the life of the project.

Expenditures for these projects through June 30, 2026 are shown in the table to the right.

| Major Capital Bond Projects | Budget | Expenditures as of June 30, 2026 |
|---|---|---|
| **2015 Bond Projects** | | |
| Streets and Sidewalks | $ 16,200,000 | $ 13,585,000 |
| Parks Trails | 5,000,000 | 4,029,000 |
| Parks Facilities | 5,300,000 | 5,300,000 |
| Subtotal | $ 26,500,000 | $ 22,914,000 |
| **2018 Bond Projects** | | |
| Affordable Housing Projects | $ 10,000,000 | $ 4,389,000 |
| **2024 LOBS Projects** | | |
| East Rosemary Deck | $ 11,206,000 | $ 10,663,000 |
| Fire Ladder Truck | 3,238,000 | 3,088,000 |
| PD Furniture & Fixtures | 1,717,000 | 1,707,000 |
| Subtotal | $ 16,161,000 | $ 15,458,000 |
| **2024 Bond Projects** | | |
| Public Facilities | $ 1,230,000 | $ 21,000 |
| Affordable Housing | 3,500,000 | 59,000 |
| Streets and Sidewalks | 5,400,000 | 170,000 |
| Parks Facilities | 500,000 | 8,000 |
| Subtotal | $ 10,630,000 | $ 258,000 |
| **TOTAL** | **$ 63,291,000** | **$ 43,019,000** |

# *TABLE OF CONTENTS – OTHER FUNDS*


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Internal Service Funds

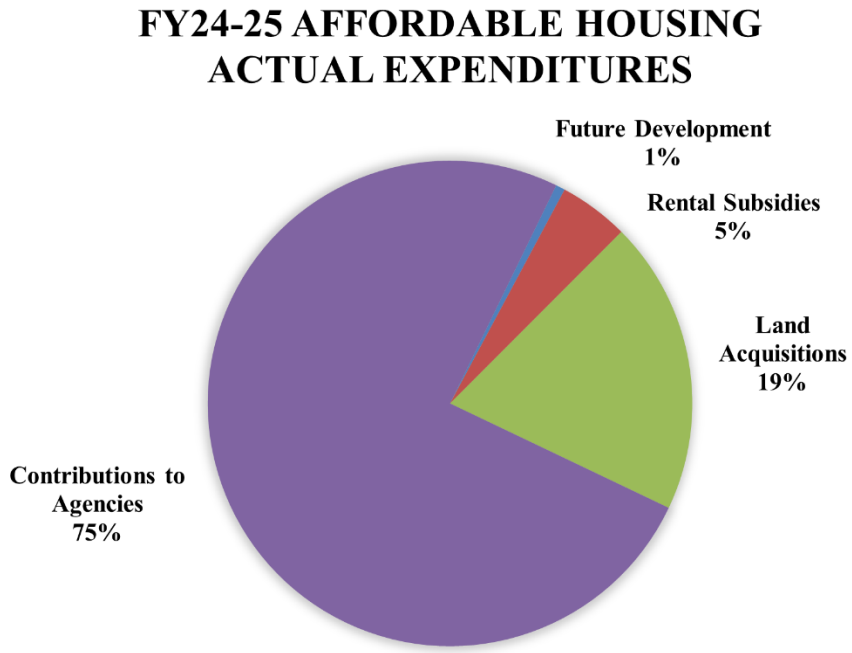
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The Affordable Housing Development Reserve Fund dedicates funding for the development and preservation of affordable housing.



# *AFFORDABLE HOUSING DEVELOPMENT RESERVE FUND BUDGET SUMMARY*

*The Affordable Housing Development Reserve Fund is dedicated exclusively to the development and preservation of affordable housing. During FY25-26, this annual fund was dissolved and merged with the multi-year Affordable Housing Fund, which continues to receive an annual funding allocation.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Land Acquisitions | $ 175,000 | $ - | $ - | $ - | $ - | N/A |
| Rental Subsidies | 41,612 | - | - | - | - | N/A |
| Homeownership Assist. | - | - | - | - | - | N/A |
| Future Development | 5,539 | - | - | - | - | N/A |
| Contributions | 671,526 | - | - | - | - | N/A |
| Reserve | - | 722,003 | - | - | - | -100.0% |
| Transfer to Aff Hsing Fund | - | - | 1,952,820 | 1,952,820 | - | N/A |
| Total | $ 893,677 | $ 722,003 | $ 1,952,820 | $ 1,952,820 | $ - | -100.0% |

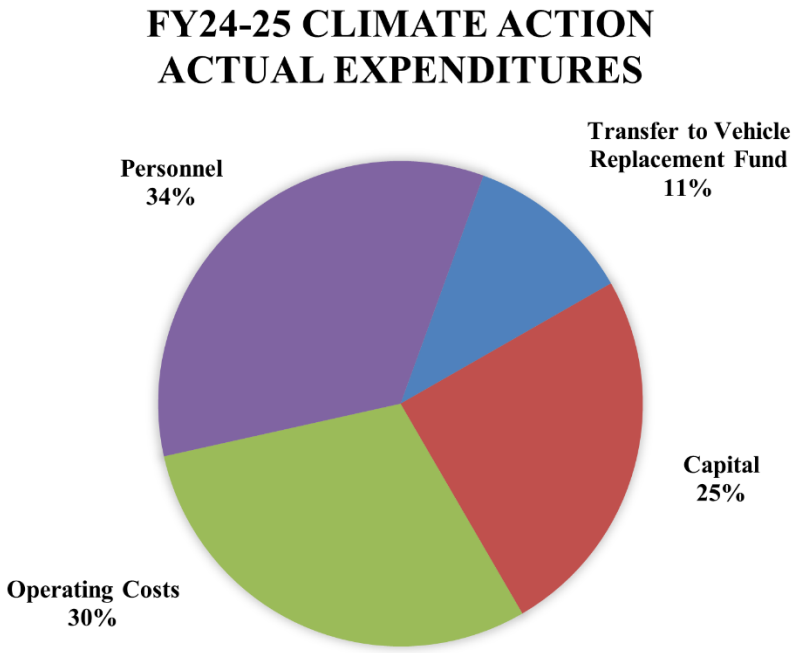
## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Transfer from General Fund | $ 722,003 | $ 722,003 | $ - | $ - | $ - | -100.0% |
| Appropriated Fund Balance | 171,674 | - | 1,952,820 | 1,952,820 | - | N/A |
| Total | $ 893,677 | $ 722,003 | $ 1,952,820 | $ 1,952,820 | $ - | -100.0% |

# *CLIMATE ACTION FUND*




The Climate Action Fund dedicates funding to address climate change.



# *CLIMATE ACTION FUND*
# *BUDGET SUMMARY*

*The Climate Action Fund was established in FY22 to dedicate funding for climate change. The adopted budget for the Climate Action Fund increased 1.4% compared to the 2025-26 budget. The 6.2% increase in personnel costs reflects retirement, insurance, and salary increases, as well as turnover. Operating costs decreased by 25.8% due to the completion of the 5-year Climate Action Plan and to transfer funds to the Vehicle Replacement Fund for the purchase of hybrid and electric vehicles for the Town's fleet. Capital costs increased to allocate budget toward fleet and public EV charging station installations.*

*****

## EXPENDITURES

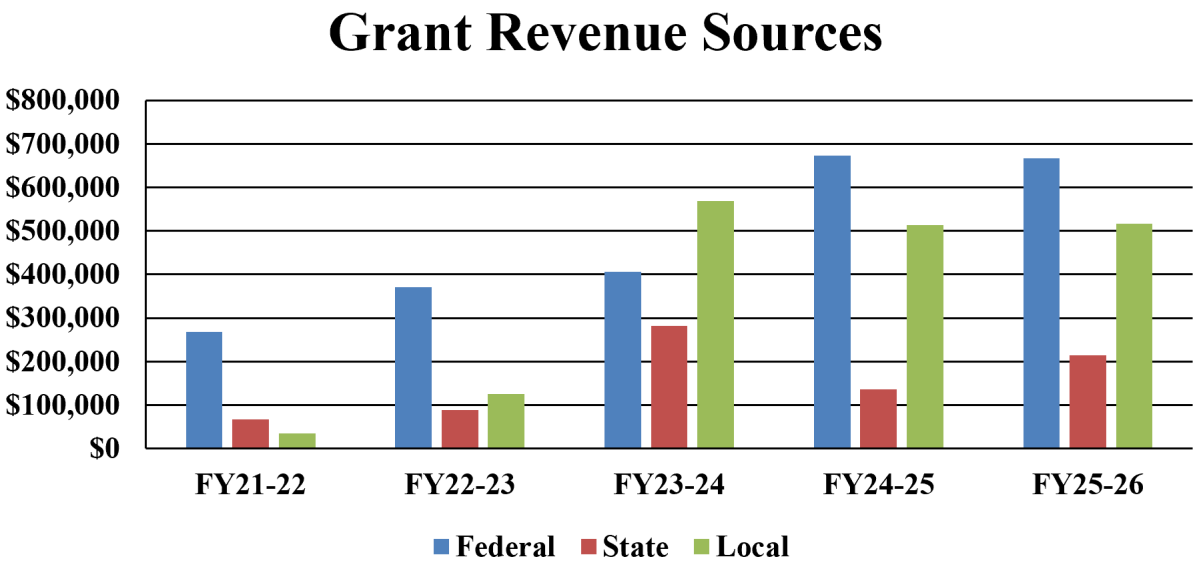
| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 393,110 | $ 426,588 | $ 426,588 | $ 336,317 | $ 452,876 | 6.2% |
| Operating Costs | 345,365 | 377,671 | 804,157 | 804,157 | 280,051 | -25.8% |
| Capital | 287,272 | - | 136,235 | 136,235 | 42,944 | N/A |
| Transfer to Vehicle Replacement Fund | 129,200 | - | 75,000 | 75,000 | 40,000 | N/A |
| Total | $ 1,154,947 | $ 804,259 | $ 1,441,980 | $ 1,351,709 | $ 815,871 | 1.4% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Transfer from General Fund | $ 804,259 | $ 804,259 | $ 804,259 | $ 804,259 | $ 804,259 | 0.0% |
| Grants | 33,125 | - | 464,604 | 465,439 | - | 0.0% |
| Appropriated Fund Balance | 317,563 | - | 173,117 | 82,011 | 11,612 | 0.0% |
| Total | $ 1,154,947 | $ 804,259 | $ 1,441,980 | $ 1,351,709 | $ 815,871 | 1.4% |

# *GRANTS FUND*

The Grants Fund accounts for miscellaneous small grants that would otherwise be included within the General Fund.



# *GRANTS FUND*
# *BUDGET SUMMARY*

*The Grants Fund was established in 2004-05 to account for grants previously included in the General Fund. The budget for 2026-27 includes one Planning grant that provides personnel and operating funds for transportation planning.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Police Grants | $ 513,236 | $ - | $ 764,884 | $ 764,884 | $ - | N/A |
| Fire Grants | 67,310 | - | 38,825 | 38,825 | - | N/A |
| Planning Grants | 751,478 | 513,614 | 953,298 | 798,298 | 274,500 | -46.6% |
| H&CD Grants | 134,069 | - | 11,040 | 11,040 | - | N/A |
| Technology Grants | 56,876 | - | 380,902 | 130,902 | - | N/A |
| Total | $ 1,522,969 | $ 513,614 | $ 2,148,949 | $ 1,743,949 | $ 274,500 | -46.6% |

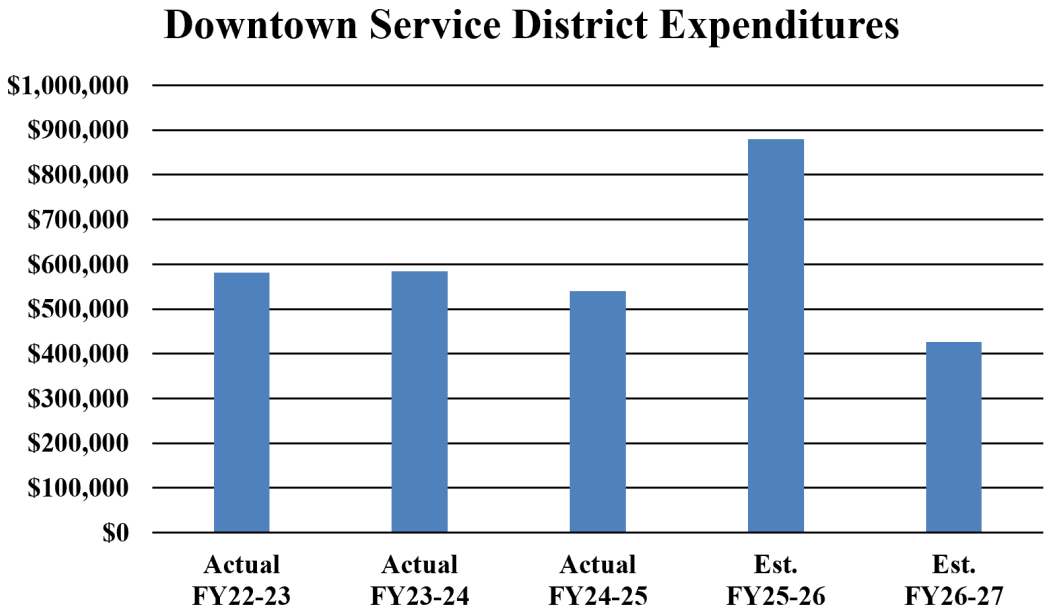
## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Grants | $ 1,322,290 | $ 403,415 | $ 1,771,695 | $ 1,397,695 | $ 247,050 | -38.8% |
| Transfer from General Fund | 85,022 | 83,703 | 88,524 | 88,524 | 27,450 | -67.2% |
| Transfer from Capital Imp. Fund | 26,802 | 26,496 | 57,496 | 26,496 | - | -100.0% |
| Appropriated Fund Balance | 88,855 | - | 231,234 | 231,234 | - | N/A |
| Total | $ 1,522,969 | $ 513,614 | $ 2,148,949 | $ 1,743,949 | $ 274,500 | -46.6% |

# *DOWNTOWN SERVICE DISTRICT FUND*



The Downtown Service District Fund accounts for the personnel, programs, and capital improvements dedicated to the Downtown Service District as established by Town Council.



# *DOWNTOWN SERVICE DISTRICT FUND*

## *Major Revenue Sources – Descriptions and Estimates*

The revenue source for the Downtown Service District is the special district property tax on the assessed value of $762,700,000. The tax rate of 5.5 cents represents the revenue neutral rate based on the 2025 Orange County revaluation and is expected to yield a total of $426,000 in FY 2026-27. This represents an increase of $7,000 from the previous year estimate, due to the increase in valuation of property in the downtown area.

## *Major Expenditures and Estimates*

The FY2026-27 Adopted Budget captures the restructuring of the Downtown Service District Fund to better align the fund's expenditures with current needs. Funding in FY27 will continue to support personnel and the Chapel Hill Downtown Partnership, as well as new allocations for downtown community safety, including a new police substation to better serve downtown. Expenses related to 140 West and the Launch incubator have been moved to the General Fund.

The budget provides funding for the Chapel Hill Downtown Partnership (CHDP) in the amount of $220,000. CHDP brings the resources of the Town, University, and downtown community together to maintain, enhance, and promote downtown as the social, cultural, and spiritual center of Chapel Hill through economic development.

Additional expenses include community safety ($117,660) and space rental for the new PD substation ($15,000). The FY27 budget continues funding for a groundskeeper ($74,340) dedicated to the downtown area.

# *DOWNTOWN SERVICE DISTRICT FUND*
# *BUDGET SUMMARY*

*The adopted Downtown Service District Fund tax rate of 5.5 cents for 2026-27 provides for continued funding of the groundskeeper position dedicated to the downtown area. The adopted budget includes expenses related to the Town's contract services provider, downtown community safety, and space rental for the police substation. Starting in FY27, the Downtown fund no longer covers 140 West or Launch expenses, which will be paid out of the General Fund.*

*****

## EXPENDITURES

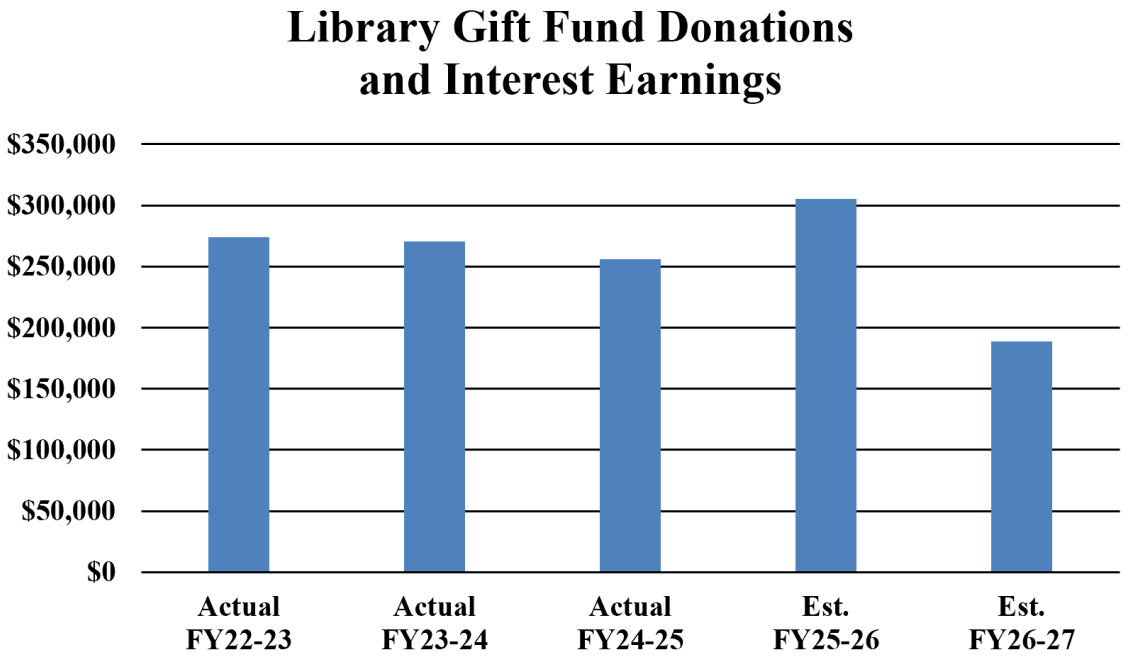
| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 69,240 | $ 70,522 | $ 70,522 | $ 73,805 | $ 74,340 | 5.4% |
| Operations | - | - | 333,355 | 330,072 | 15,000 | N/A |
| Contract Services Provider | 250,000 | 150,000 | 150,000 | 150,000 | 220,000 | 46.7% |
| 140 West Expenses | 109,904 | 110,000 | 95,000 | 95,000 | - | -100.0% |
| Launch | 110,250 | 73,500 | 73,500 | 73,500 | - | -100.0% |
| Lot 2 Pilot | - | 100,000 | 100,000 | 100,000 | - | -100.0% |
| DTWN Community Safety | - | - | - | - | 117,660 | N/A |
| Reserve | - | 15,978 | 57,623 | 57,623 | - | -100.0% |
| Total | $ 539,394 | $ 520,000 | $ 880,000 | $ 880,000 | $ 427,000 | -17.9% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Property Taxes | $ 374,606 | $ 419,000 | $ 419,000 | $ 419,000 | $ 426,000 | 1.7% |
| Interest Income | 4,916 | - | - | - | - | N/A |
| Orange County Launch Contribution | 36,750 | - | - | - | - | N/A |
| Interest on Receivable | 656 | 1,000 | 1,000 | 1,000 | 1,000 | 0.0% |
| Transfer from General Fund | 100,000 | 100,000 | 460,000 | 460,000 | - | -100.0% |
| Appropriated Fund Balance | 22,466 | - | - | - | - | N/A |
| Total | $ 539,394 | $ 520,000 | $ 880,000 | $ 880,000 | $ 427,000 | -17.9% |

# *LIBRARY GIFT FUND*

The Library Gift Fund accounts for private contributions and grants received by the Chapel Hill Public Library.



# *LIBRARY GIFT FUND*
# *BUDGET SUMMARY*

*The adopted budget for the Library Gift Fund for 2026-27 decreased compared to the previous year. 2026-27 expenses include additions to the collection, software costs, and other miscellaneous expenses, such as contracted services and supplies. The Library Gift Fund budgets a transfer to the General Fund to support Library operations at an amount of $45,000 for 2026-27.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Computers/Database | $ 93,233 | $ 8,225 | $ 18,679 | $ 22,069 | $ 5,081 | -38.2% |
| Furniture | - | 23,308 | 36,930 | - | - | -100.0% |
| Collection Purchases | 49,205 | 39,000 | 47,792 | 46,792 | 40,000 | 2.6% |
| Other | 140,368 | 81,500 | 243,604 | 215,042 | 79,919 | -1.9% |
| Transfer to General Fund | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 0.0% |
| Contribution to Reserve | - | 23,781 | 10,434 | 13,906 | 18,781 | -21.0% |
| Total | $ 327,806 | $ 220,814 | $ 402,439 | $ 342,809 | $ 188,781 | -14.5% |

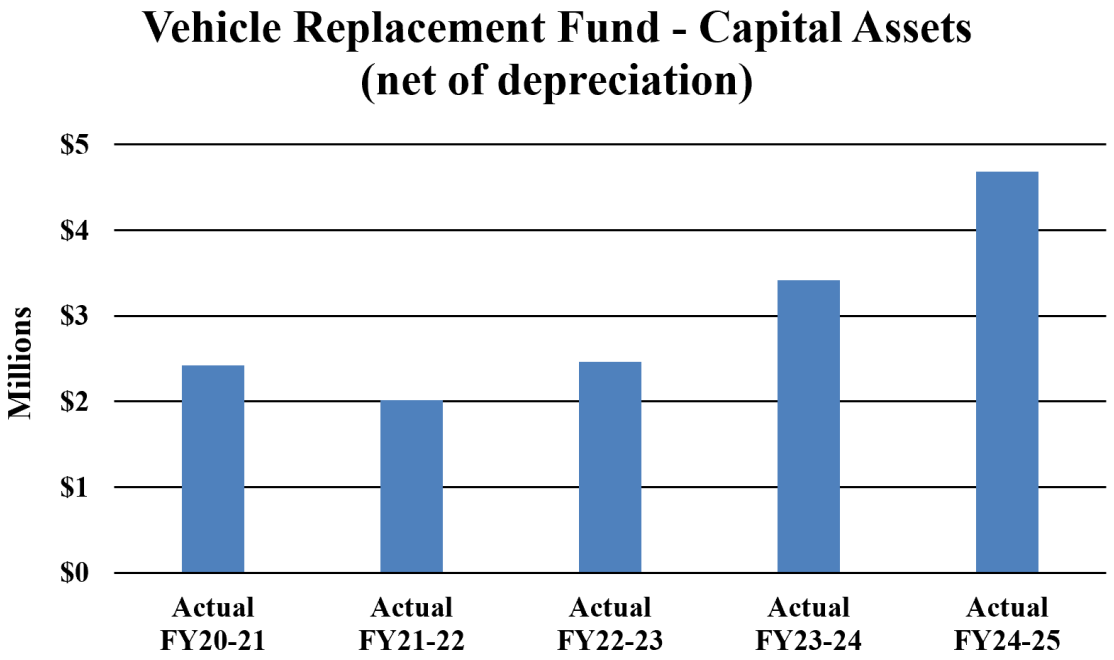
## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Interest Income | $ 7,772 | $ 1,406 | $ 1,406 | $ 4,214 | $ 1,406 | 0.0% |
| Friends' Donations | 134,875 | 134,875 | 143,424 | 144,475 | 134,875 | 0.0% |
| Grants | 46,702 | - | 90,367 | 91,834 | - | N/A |
| Misc Donations | 66,803 | 57,500 | 102,879 | 64,445 | 52,500 | -8.7% |
| Appropriated Fund Balance | 71,654 | 27,033 | 64,363 | 37,841 | - | -100.0% |
| Total | $ 327,806 | $ 220,814 | $ 402,439 | $ 342,809 | $ 188,781 | -14.5% |

# *VEHICLE REPLACEMENT FUND*

The Vehicle Replacement Fund accounts for the purchase of motor vehicles and related costs to Town departments.

Vehicle Replacement is an internal service fund; costs are charged out to Town departments based on actual expenditures.



# *VEHICLE REPLACEMENT FUND*
# *BUDGET SUMMARY*

*The 2026-27 adopted budget for the Vehicle Replacement Fund includes a list of the most critical capital equipment needs pending a comprehensive review of the Town's fixed assets. Included in the adopted budget is the replacement of one rear loader and one truck in the Public Works Solid Waste division; ten Police vehicles; two dump trucks and a tractor for Parks Maintenance; two dump trucks in the Streets Division of Public Works; one SUV in the Construction division; three SUVs in Building & Development Services; and one truck and one SUV for Parks & Rec Admin. The Vehicle Replacement Fund is a pay-as-you-go system, meaning vehicle purchases are bought outright rather than financed.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Capital Equipment | 2,185,619 | 1,810,000 | 2,369,188 | 2,286,788 | 2,046,800 | 13.1% |
| Total | $ 2,185,619 | $ 1,810,000 | $ 2,369,188 | $ 2,286,788 | $ 2,046,800 | 13.1% |

## REVENUES

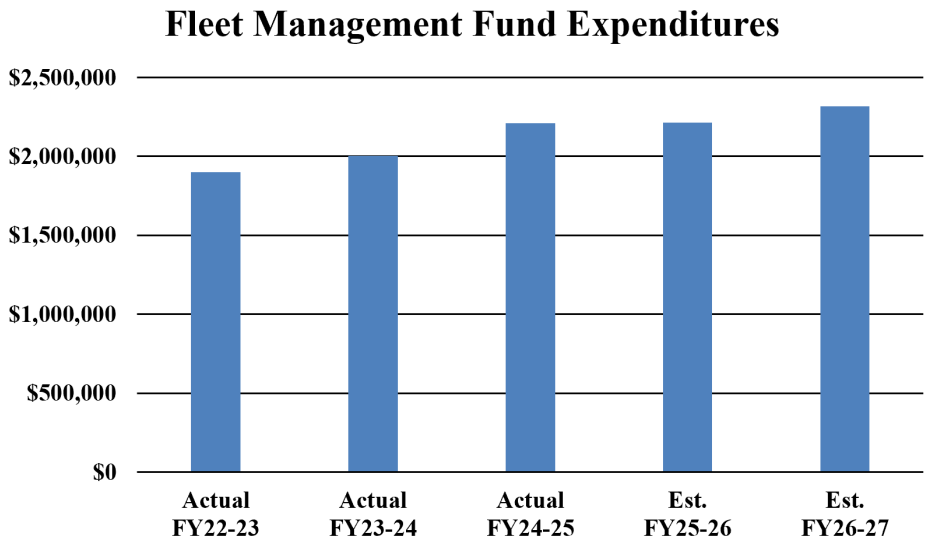
| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Vehicle Use Fees | $ 1,605,000 | $ 1,810,000 | $ 1,810,000 | $ 1,810,000 | $ 2,006,800 | 10.9% |
| Interest Income | 5,659 | - | - | 8,000 | - | N/A |
| Sale of Fixed Assets | 69,569 | - | 82,400 | 140,266 | - | N/A |
| Transfer from Climate Action Fund | 129,200 | - | 75,000 | 75,000 | 40,000 | N/A |
| Appropriated Fund Balance | 376,191 | - | 401,788 | 253,522 | - | N/A |
| Total | $ 2,185,619 | $ 1,810,000 | $ 2,369,188 | $ 2,286,788 | $ 2,046,800 | 13.1% |

# *FLEET MANAGEMENT FUND*



The Fleet Management Fund accounts for the repair and maintenance of the Town's fleet of cars, trucks, and heavy equipment, excluding those used in public transit operations. The division is supervised by Public Works.

Fleet Management is an internal service fund; costs are charged out to Town departments based on actual expenditures.



# *FLEET MANAGEMENT*

**MISSION STATEMENT**:
*The overall mission of the Fleet Management Fund is to ensure safe, reliable fleet and equipment essential for the provision of public services, with an emphasis on greening our fleet and equipment, sustainability, efficiency, and effectiveness.*

Summary of services provided in support of the department's mission:

- Strategic planning, maintenance, and management of the Town's Fleet Program and Vehicle Replacement Program that supports the Climate Action Plan.
- Manage fueling facilities and provide electrical charging stations and other greener fuels.
- Provide for major vehicle and equipment maintenance and repairs using in-house and outside resources.
- Provide on-call emergency vehicle and equipment services.

# *FLEET MANAGEMENT*
## Performance Measures

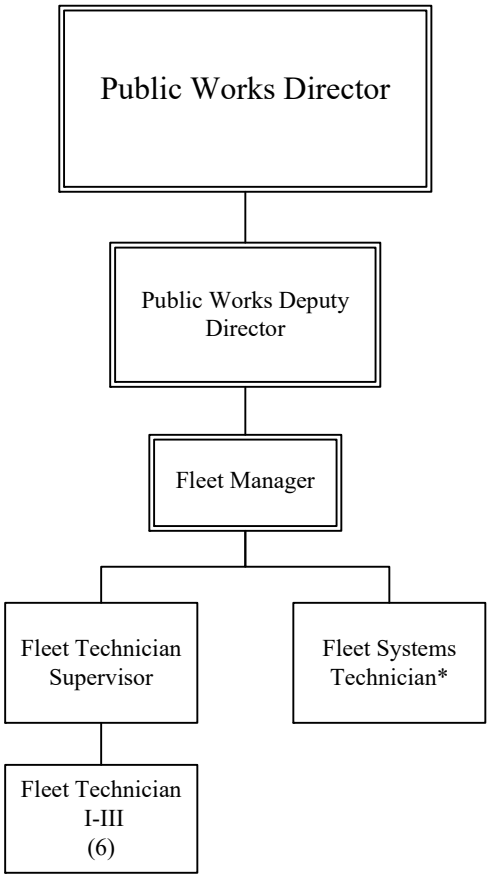



### Strategic Objectives

- Ensure that at least 50% of all work orders are preventive maintenance work
- Limit repeat repairs to 2% or less
- Complete at least 95% of preventive maintenances as scheduled in order to reduce out-of-service time
- Ensure that 90% of rolling stock is available per day
- Complete 85% of repair orders within 1 work day, with no more than 10% taking longer than 2 work days

| Core Business Program | Performance Measure | FY24 Actual | FY25 Actual | FY26 Estimate | FY27 Target |
|---|---|---|---|---|---|
| Fleet Services | Percent of work orders that are preventive maintenance | 34% | 33% | 34% | 50% |
| | Percent of work orders that are repeat repairs | <2% | <2% | <2% | <2% |
| | Percent of preventive maintenances completed as scheduled | 37% | 54% | 42% | 95% |
| | Percent of rolling stock available per day | 91% | 89% | 91% | 90% |
| | Percent of work orders completed in less than 1 work day | 57% | 34% | 30% | 85% |
| | Percent of work orders completed in excess of 2 work days | 36% | 59% | 61% | <10% |

# FLEET MANAGEMENT




*Position is split with the Facilities Management division of the Public Works department.

# *FLEET MANAGEMENT*
## *STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS*

| | 2024-25 ADOPTED | 2025-26 ADOPTED | 2026-27 ADOPTED |
|---|---|---|---|
| Fleet Manager | 1.00 | 1.00 | 1.00 |
| Fleet Technician Supervisor | 1.00 | 1.00 | 1.00 |
| Fleet Technician (Levels I-III) | 5.00 | 5.00 | 6.00 |
| Fleet Systems Technician[1] | 0.75 | 0.75 | 0.75 |
| Division Totals | 7.75 | 7.75 | 8.75 |

[1] This position is split between the Facilities Management division of Public Works and the Fleet Management Fund.

Note: Fleet Management is supervised by the Public Works department.

# *FLEET MANAGEMENT*
# *BUDGET SUMMARY*

*The 2026-27 adopted budget for the Fleet Management Fund reflects an overall increase in expenditures of 4.6% from last year's budget. The 15.2% increase in personnel is the result of a retirement increase, an increase in insurance costs, a salary increase, and an added Fleet Technician position. The operating budget decrease of 3.1% is due to reduced vehicle maintenance costs.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Personnel | $ 850,906 | $ 923,889 | $ 923,889 | $ 926,036 | $ 1,064,431 | 15.2% |
| Operating Costs | 1,341,580 | 1,291,863 | 1,331,863 | 1,286,492 | 1,252,196 | -3.1% |
| Capital Outlay | 16,984 | - | - | - | - | N/A |
| Total | $ 2,209,470 | $ 2,215,752 | $ 2,255,752 | $ 2,212,528 | $ 2,316,627 | 4.6% |

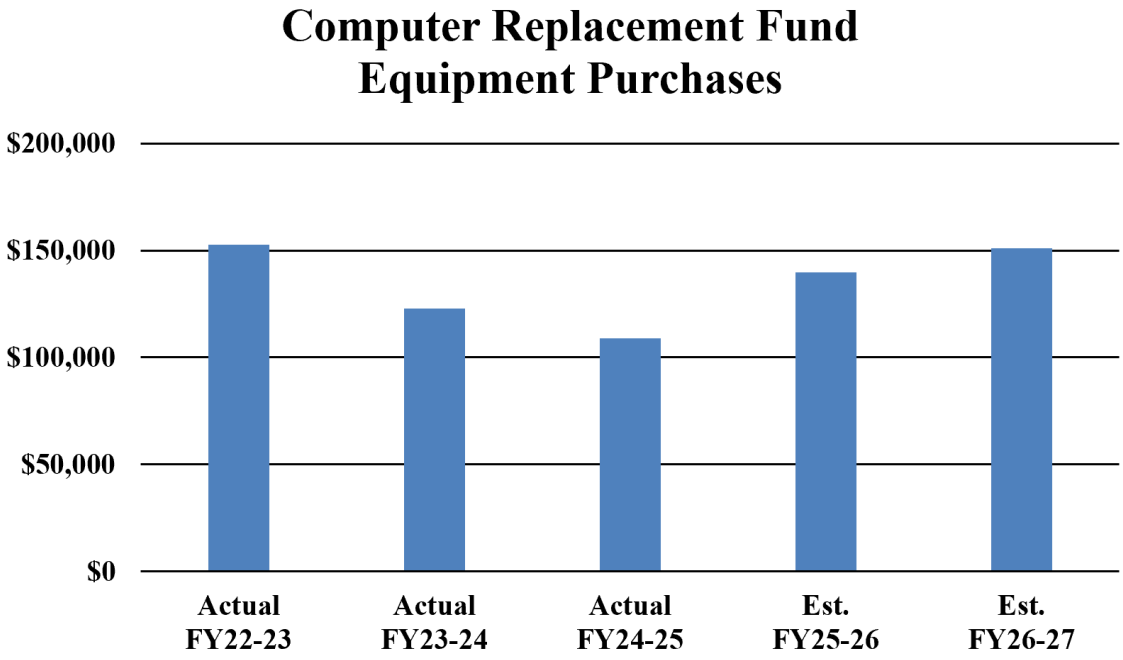
## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Vehicle Maintenance Fees | $ 2,060,922 | $ 2,215,752 | $ 2,215,752 | $ 2,201,800 | $ 2,272,661 | 2.6% |
| Interest Income | 2,267 | - | - | 1,500 | - | N/A |
| Insurance Claims | 19,022 | - | - | 9,228 | - | N/A |
| Appropriated Fund Balance | 127,259 | - | 40,000 | - | 43,966 | N/A |
| Total | $ 2,209,470 | $ 2,215,752 | $ 2,255,752 | $ 2,212,528 | $ 2,316,627 | 4.6% |

# *COMPUTER REPLACEMENT FUND*

The Computer Replacement Fund accounts for the purchase of computer equipment for Town departments.

Computer Replacement is an internal service fund; costs are charged out to Town departments based on actual expenditures.



# *COMPUTER REPLACEMENT FUND*
# *BUDGET SUMMARY*

*The adopted budget for 2026-27 provides for replacement of computer equipment on a pay-as-you-go basis.*

*****

## EXPENDITURES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Small Equipment | $ 108,809 | $ 139,876 | $ 139,876 | $ 139,876 | $ 151,120 | 8.0% |
| Total | $ 108,809 | $ 139,876 | $ 139,876 | $ 139,876 | $ 151,120 | 8.0% |

## REVENUES

| | 2024-25 Actual | 2025-26 Original Budget | 2025-26 Revised Budget | 2025-26 Estimated | 2026-27 Adopted Budget | % Change from 2025-26 |
|---|---|---|---|---|---|---|
| Computer Use Fees | $ 79,118 | $ 139,876 | $ 139,876 | $ 139,876 | $ 151,120 | 8.0% |
| Interest Income | 6,015 | - | - | - | - | N/A |
| Appropriated Fund Balance | 23,676 | - | - | - | - | N/A |
| Total | $ 108,809 | $ 139,876 | $ 139,876 | $ 139,876 | $ 151,120 | 8.0% |

# *BUDGET ORDINANCE*

**AN ORDINANCE CONCERNING THE ESTABLISHMENT OF THE TOWN BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2026 (2026-06-10/O-1)**

BE IT ORDAINED by the Council of the Town of Chapel Hill:

**Section 1. APPROPRIATIONS**

That the following appropriations are hereby made:

| GENERAL FUND | Function Total |
|---|---|
| General Government | $ 26,404,056 |
| Environment & Development | 23,853,241 |
| Public Safety | 34,354,336 |
| Leisure | 15,148,367 |
| **GENERAL FUND TOTAL** | **$99,760,000** |
| | |
| OTHER FUNDS | |
| Transit Fund | $ 35,946,146 |
| Transit Capital Reserve Fund | 0 |
| Debt Service Fund | 10,852,979 |
| Vehicle Replacement Fund | 2,046,800 |
| Fleet Management Fund | 2,316,627 |
| Computer Replacement Fund | 151,120 |
| Public Housing Fund | 3,016,363 |
| Parking Facilities Fund | 6,468,125 |
| Library Gift Fund | 188,781 |
| Capital Improvements Fund | 3,165,996 |
| Downtown Service District Fund | 427,000 |
| Climate Action Fund | 815,871 |
| Stormwater Management Fund | 4,583,000 |
| Grants Fund | 274,500 |
| **TOTAL ALL FUNDS** | **$170,013,308** |

# *BUDGET ORDINANCE*

**Section 2. REVENUES**

It is estimated that the following revenues will be available during the fiscal year beginning July 1, 2026 and ending June 30, 2027 to meet the foregoing appropriations. It is determined that where estimated revenues are higher than the previous year, the increases were warranted.

| | |
|---|---|
| GENERAL FUND | |
| Property Taxes | $ 53,917,500 |
| Sales Taxes | 23,257,745 |
| Occupancy Tax | 1,750,000 |
| Other Taxes & Licenses | 100,000 |
| State-Shared Revenues | 9,052,247 |
| Grants | 744,988 |
| Charges for Services | 5,900,710 |
| Licenses/Permits/Fines | 3,113,600 |
| Interest on Investments | 750,000 |
| Other Revenues | 628,210 |
| Transfers/Other Sources | 45,000 |
| Fund Balance Appropriated | 500,000 |
| **General Fund Total** | **$99,760,000** |
| | |
| OTHER FUNDS | |
| Transit Fund | $ 35,946,146 |
| Transit Capital Reserve Fund | 0 |
| Debt Service Fund | 10,852,979 |
| Vehicle Replacement Fund | 2,046,800 |
| Vehicle Maintenance Fund | 2,316,627 |
| Computer Replacement Fund | 151,120 |
| Public Housing Fund | 3,016,363 |
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| Downtown Service District Fund | 427,000 |
| Climate Action Fund | 815,871 |
| Stormwater Management Fund | 4,583,000 |
| Grants Fund | 274,500 |
| **TOTAL ALL FUNDS** | **$170,013,308** |

# *BUDGET ORDINANCE*

**Section 3. LEVY OF TAXES**

There is hereby levied the following tax on each one hundred dollars ($100) valuation of taxable property, located within the Town of Chapel Hill, as listed for taxes as of January 1, 2026 for the purpose of raising revenue from property tax as set forth in the foregoing estimates of revenues, and in order to finance the foregoing appropriations.

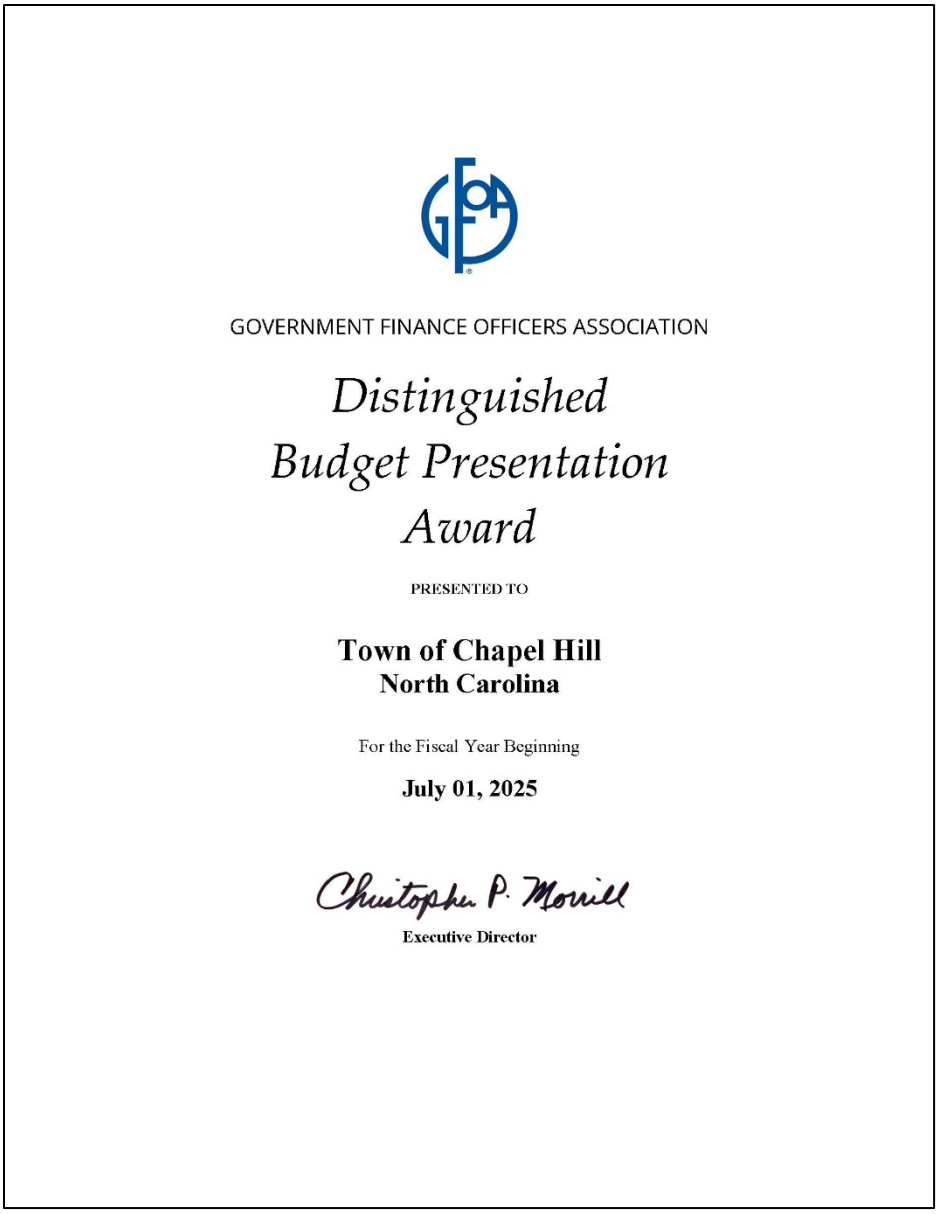
| | |
|---|---|
| General Fund<br>(for the payment of expenses of the Town of Chapel Hill) | $0.381/$100 |
| Debt Service Fund<br>(for the payment of expenses of the Town of Chapel Hill) | $0.066/$100 |
| Transit Fund<br>(for the payment of expenses related to transportation approved by referendum) | $0.053/$100 |
| TOTAL | $0.500/$100 |

**Section 4. SPECIAL DISTRICT TAX LEVY**

There is hereby levied the following tax on each one hundred dollars ($100) valuation of taxable property located in the Downtown Revitalization Municipal Service District established by the Town Council's resolution of June 12, 1989:

| | |
|---|---|
| Downtown Service District Fund | $0.055/$100 |

This the 10th day of June, 2026.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished*
*Budget Presentation*
*Award*

PRESENTED TO

**Town of Chapel Hill**
**North Carolina**

For the Fiscal Year Beginning

**July 01, 2025**

Christopher P. Morrill

**Executive Director**

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Chapel Hill for its Annual Budget for the fiscal year beginning July 1, 2025. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of July 1, 2025 - June 30, 2026 only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

# *Performance Agreements with Other Agencies*

| Performance Agreements with Other Agencies | 2025-26 Adopted Budget | 2026-27 Adopted Budget |
|---|---|---|
| **Human Services** | | |
| Human Services Advisory Board Recommendations | $ 602,516 | $ 602,516 |
| **Total Human Services** | **602,516** | **602,516** |
| **Arts** | | |
| Cultural Arts | 43,500 | 43,500 |
| **Total Arts** | **43,500** | **43,500** |
| **Affordable Housing** | | |
| Community Home Trust | 513,145 | 548,250 |
| Interfaith Council (IFC) | 273,766 | 273,766 |
| Orange County Partnership to End Homelessness | 317,048 | 378,157 |
| **Total Affordable Housing** | **1,103,959** | **1,200,173** |
| **Economic Development** | | |
| Chapel Hill/Orange County Visitors Bureau | 200,000 | - |
| Chapel Hill Downtown Partnership | 70,000 | - |
| **Total Economic Development** | **270,000** | **-** |
| **Total Contributions to Agencies** | **$ 2,019,975** | **$ 1,846,189** |

# *GLOSSARY*

**Accrual -** Revenues are recorded when earned, and expenses are recorded as soon as they result in liabilities for benefits received.

**Ad Valorem tax** - A tax levied in proportion to the value of a property.

**Allocate** - To set apart portions of budgeted expenditures which are specifically designated to organizations for special activities and purposes.

**Annual Budget** - A budget covering a single fiscal year.

**Appropriation** - The amount budgeted on a yearly basis to cover projected expenditures which the Town Council legally authorizes through the Budget Ordinance.

**Approved Budget** - The budget as formally adopted by the Town Council for the upcoming fiscal year.

**Assessed Value/Valuation** - The estimated dollar value placed upon real and personal property by the County Assessor as the basis for levying property taxes. The General Assembly exempted household personal property from taxation effective July 1, 1987.

**Authorized Bonds** - Bonds which have been legally authorized but may or may not have been sold.

**Balanced Budget** - Occurs when planned expenditures equal anticipated revenues. In North Carolina, it is required that the budget submitted to the Town Council be balanced.

**Bond** - A written promise to pay a specific amount of money with interest within a specific time period, usually long-term.

**Bond Rating** - A grade indicating a governmental unit's investment qualities. Generally speaking, the higher the bond rating, the more favorable the interest rate and the lower the cost of financing capital projects funded by bonds. A high rating is indicative of the government's strong financial position. Ratings range from AAA (highest) to D (lowest).

**Bonds Issued** - Bonds that are sold.

**Budget** - A financial plan for a specified period of time that matches planned revenues and expenditures with various Town services.

**Budget Message** - A written overview of the proposed budget from the Town Manager to the Town Council. This overview discusses the major budget items of the Manager's recommended budget.

**Capital Asset** - An asset of long-term character. For budgetary purposes, a capital asset is defined as an item costing $5,000 or more with an expected life of more than one year.

# *GLOSSARY*

**Capital Improvements Plan** - A long-term plan of proposed capital improvements projects, which includes estimated project cost and funding sources, that the Town expects to undertake within a five-year period. The plan is updated annually to reassess capital needs.

**Capital Outlay** - An expenditure which results in the acquisition of or addition to a capital asset.

**Capital Project** - A project expected to have a useful life greater than 10 years and an estimated cost of $10,000 or more. Capital projects include the construction, purchase, or major renovation of buildings, utility systems, parks, or other physical structures or property; purchase of land; and purchase of large equipment.

**Capital Project Fund** - A fund used to account for the acquisition or construction of major capital facilities and equipment.

**Category** - Expenditure budgets are presented in one of three categories: Personnel, Operating Costs, and Capital Outlay.

**Community Development Block Grant (CDBG)** - The CDBG program, administered by the U.S. Department of Housing and Urban Development (HUD), provides flexible funding to local governments for a wide range of community development activities. These activities primarily focus on revitalizing neighborhoods, creating economic opportunities, and improving community facilities, with a strong emphasis on benefiting low- and moderate-income residents.

**Community Development Fund** - A fund used to account for block grant monies received from the federal government under Title I of the Housing and Community Development Act.

**Compensated Absences** - Paid time off made available to employees in connection with vacation leave, sick leave, and similar benefits.

**Contingency** - Appropriation intended for unanticipated expenditures. Transfer of these funds into an expendable account is controlled by the Town Council.

**Debt Service** - Principal, interest, and administrative costs associated with the repayment of long-term debt.

**Delinquent Taxes** - Taxes that remain unpaid after the due date on which a penalty for nonpayment is incurred.

**Department** - A major administrative division of the Town that has overall management responsibility for an operation within a functional area.

**Depreciation** - An allowance made for the loss in the value of property over time.

**District Tax** - Taxes paid by those owning property in a special district of the Town.

# *GLOSSARY*

**Employee Benefits** - For budgeting purposes, employee benefits include employer payments for social security, retirement, group health and life insurance, and workers' compensation and any similar form of employee compensation.

**Encumbrances** - A financial commitment for services, contracts, or goods which have not been delivered or performed.

**Enterprise Fund** - A grouping of activities whose expenditures are wholly or partially offset by revenues collected from consumers in the form of fees and charges.

**Expenditures** - The total cost of a program or capital project.

**EZ Rider** - A special service which uses lift equipped vehicles to transport individuals with mobility limitations that prevent them from using Chapel Hill Transit's regular bus service.

**Fiscal Year** - A 12-month period (July 1 through June 30) in which the annual operating budget applies and at the end of which an assessment is made of the Town's financial condition and performance of operations.

**Full-Time Equivalent (FTE)** - One FTE refers to the equivalent of one permanent position.

**Function** - A broad grouping of activities and departments whose objectives and expenditures are interrelated. Examples of functions within the Town include General Government, Public Safety, Leisure, etc.

**Fund** - An accounting entity created to record the financial activity for a selected financial group.

**Fund Balance** - Funds accumulated through the under-expenditure of appropriations and/or receiving revenues greater than anticipated and included in the budget.

**General Fund** - A fund which provides for the accounting for most of the basic government services, such as police, fire, sanitation, inspections, recreation, and other general services.

**General Obligation Bonds** - Bonds issued by a government which are backed by the full faith and credit of its taxing authority.

**Goal** - A broad statement of desired conditions to be maintained or achieved through the efforts of an organization.

**Governmental Funds** - Funds generally used to account for tax-supported activities.

**Impervious Surface** - Hard surfaces such as concrete, compressed gravel, asphalt, and rooftops. These surfaces increase the amount of stormwater runoff.

# *GLOSSARY*

**Indirect Cost** - The component of the total cost for a service which is provided by one department but budgeted within another department or division. Indirect costs are budgeted to more accurately reflect the true total cost for such services.

**Interest and Penalties Receivable on Taxes** - Uncollected interest and penalties on property taxes.

**Intergovernmental Revenues** - Revenues from other governments (state, federal, and local) which can be in the form of grants, shared revenue, or entitlement.

**Land Use Management Ordinance (LUMO)** - The Chapel Hill Land Use Management Ordinance establishes standards and procedures for new development or redevelopment in the Town. The major purpose of the LUMO is to implement the Town's adopted *Comprehensive Plan*. It is designed to provide clear rules about what is expected of applicants in order to gain approval to develop land in the Town.

**Lease Purchase** - A method of purchasing equipment in which payments are spread over a period of time.

**Levy** - The amount of tax, service charge, and assessments imposed by the government.

**Line Item** - A budgetary account representing a specific object of expenditure.

**Major Funds** - Funds whose revenues, expenses, assets or liabilities are at least 10% of corresponding totals for all governmental or proprietary funds and at least 5% of the aggregate amount for all governmental and enterprise funds for the same item. Any other fund may be reported as a major fund if the government's officials deem the fund particularly important to financial statement users.

**Modified Accrual** - The basis of accounting for the Town. Under this system, expenditures are recognized when encumbered.

**NCDOT** - North Carolina Department of Transportation

**Non-Major Funds** - Funds whose revenues, expenses, assets or liabilities are less than 10% of corresponding totals for all governmental or proprietary funds and less than 5% of the aggregate amount for all governmental and enterprise funds for the same item.

**Non-Operating Expenses** - Expenses which are not directly related to the provision of services, such as debt service.

**Non-Operating Revenues** - Revenues which are generated from other sources and are not directly related to service activities.

# *GLOSSARY*

**Objective** - A specific statement that is to be accomplished or achieved for a particular program during the fiscal year.

**Operating Budget** - The Town's financial plan which outlines proposed expenditures for the upcoming fiscal year and estimates revenues which will be used to finance them.

**Operating Costs/Expenses** - Those expenditures of a recurring nature, covering services and supplies necessary to operate individual departmental activities.

**Ordinance** - A formal legislative enactment by the Town Council which has the full force and effect of law within the boundaries of the Town.

**Performance Agreement** - A contract with an external agency to provide funding for specific functions with specific performance targets. These agreements are designed to provide accountability from external agencies to align with the Town's strategic goals.

**Personal Property** - Movable property classified within two categories: tangible and intangible. "Tangible," or touchable, property includes items of visible and movable property not permanently affixed to real property. "Intangible," or non-touchable, property includes stocks, bonds, notes, cash, bank deposits, accounts receivable, patents, trademarks, copyrights, and similar assets.

**Personnel Services** - Salaries and wages paid to employees for full-time, part-time, and temporary work, including overtime and similar compensation. Also included in this account group are employee benefits paid for employees.

**Program** - A well-defined portion of the operating plan for which a distinct set of goals and objective may be developed.

**Property Tax** - Tax paid by those owning property in the Town.

**Property Tax Rate** - The rate at which real property in the Town is taxed in order to produce revenues sufficient to conduct necessary governmental activities.

**Proprietary Fund** - A fund used to account for the operations similar to those in the private sector. This includes enterprise funds. The focus is on determination of net income, financial position, and changes in financial position.

**Public Safety** - A group of expenditures related to the provision and enforcement of law enforcement and fire and disaster protection.

**Real Property** - Land, buildings, and items permanently affixed to land or buildings.

**Real Property Value** - The value of land and buildings which are taxable.

# *GLOSSARY*

**Reappraisal** - The process of revaluing a jurisdiction's real property in order to adjust the tax value to the market value; by North Carolina law, a revaluation must be conducted at a minimum of every eight years. Property was most recently revalued as of January 1, 2025.

**Reclassification** - A change in the classification and corresponding job title of an existing position which results from a major change in assigned responsibilities.

**Reserve** - An account designated for a portion of the fund balance which is to be used for a specific purpose.

**Revenue** - All funds that the Town government receives as income, including items such as tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

**Revenue Neutral Tax Rate** - G.S. §159-11(e) states that "the revenue-neutral tax rate is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year by the current tax rate if no reappraisal had occurred."

**Rolling Stock** - Vehicles and other similar equipment which use wheels to move about.

**Sales Tax** - Tax paid by retail consumers.

**Service Level** - The amount of service provided during the fiscal year as indicated by one or more performance indicators.

**Shared Ride** - An extension of transit service to designated areas of town which do not receive regular bus service.

**Special Assessment** - A levy on certain properties to defray part or all of the cost associated with improvements or services which will benefit those properties. For instance, a special assessment would be levied against property owners who have petitioned for paving a street.

**Special Districts** - A tax district approved by the voters to provide specified services. A special district in the Town is the Downtown Service District, which provides improvements in the Town center.

**Special Revenue Fund** - A fund used to account for the revenues from specific sources which are to be used for legally specified expenditures.

**Tax Levy** - Revenue produced by applying a given tax rate to a property's assessed, or tax value.

**Town Council** - Nine-member Council elected at large by the voters of the Town for four year terms.

# *GLOSSARY*

**Town Operations Center (TOC)** - Town property on Eubanks Road; site of Public Works and Transit Operations.

**Triangle** - Chapel Hill is located in central North Carolina, in the area commonly referred to as the Triangle, including Orange, Durham, and Wake Counties.

**Two-Thirds Bonds** - General obligation bonds that can be issued by a local government without voter authorization under a formula set by the State of two-thirds of the previous year's net debt reduction.