

# FY27 Budget Development Check-in

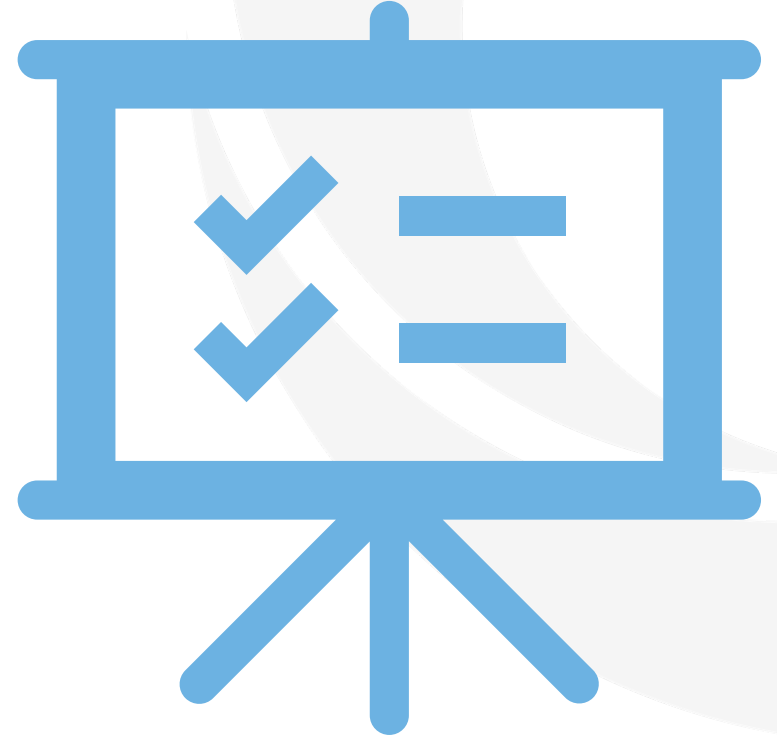
Work Session

March 31, 2026



# Agenda

- I. Economic Trends and Indicators
- II. Legislative Updates
- III. FY27 Working Budget Update
- IV. Council Discussion





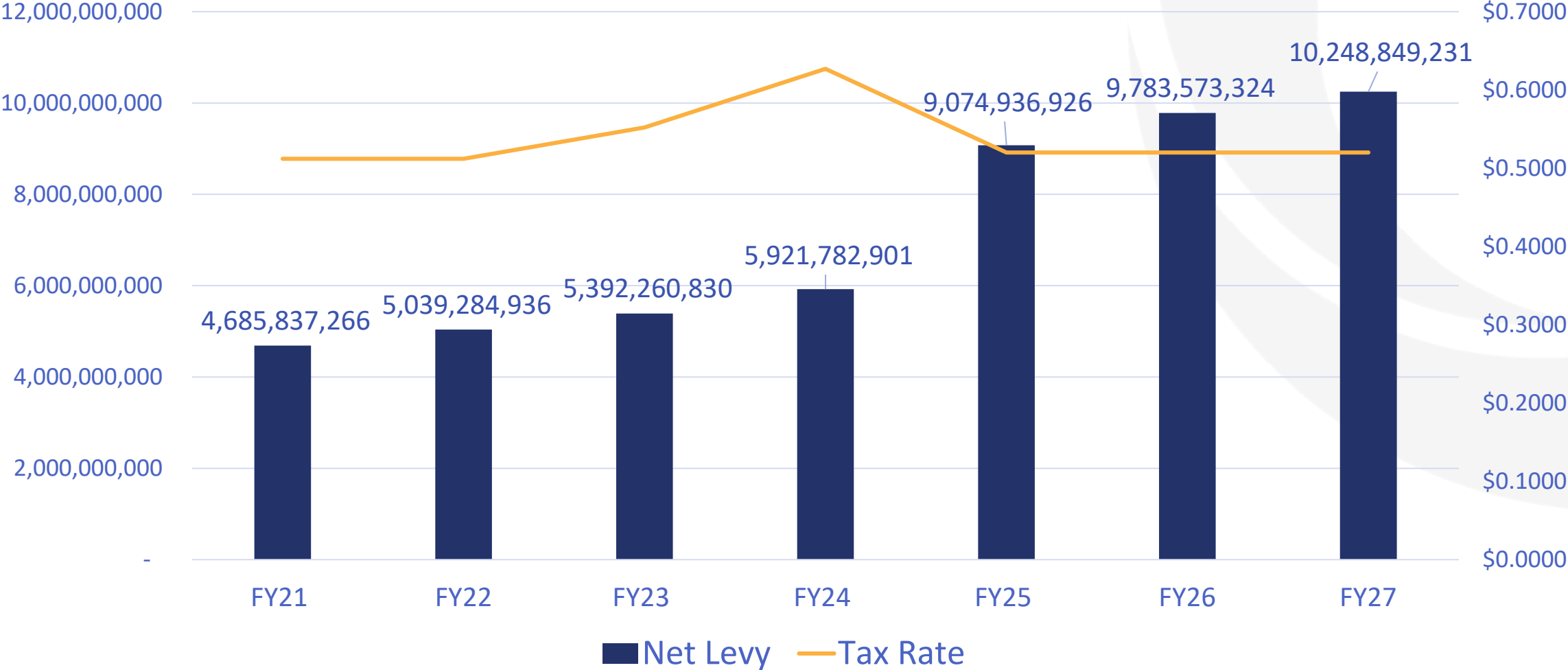
# Economic Trends and Indicators

Potential Revenue and Expenditure  
Impacts

# Town of Garner Historical Growth



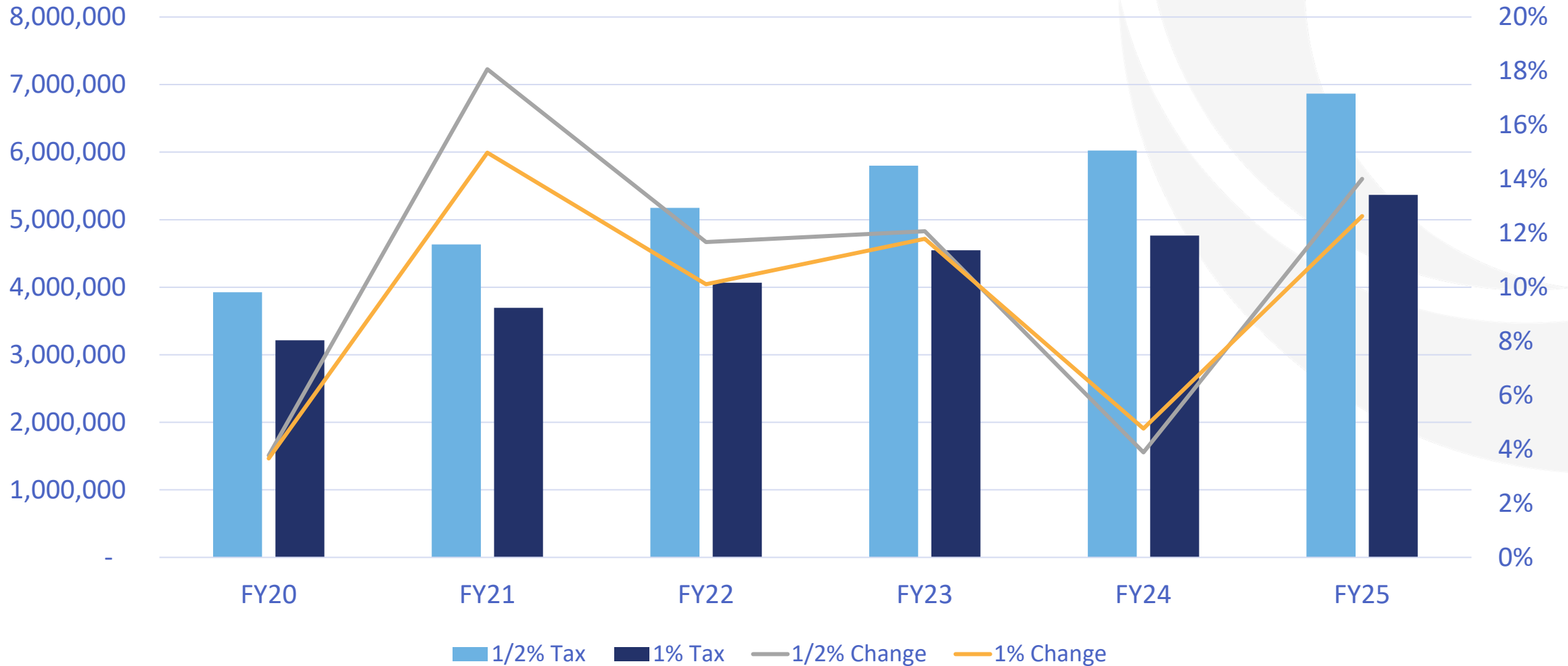
### Net Levy Assessed Value Historical Growth





# Sales Tax YoY Change: Town of Garner

Sales Tax Distributions and YoY Changes

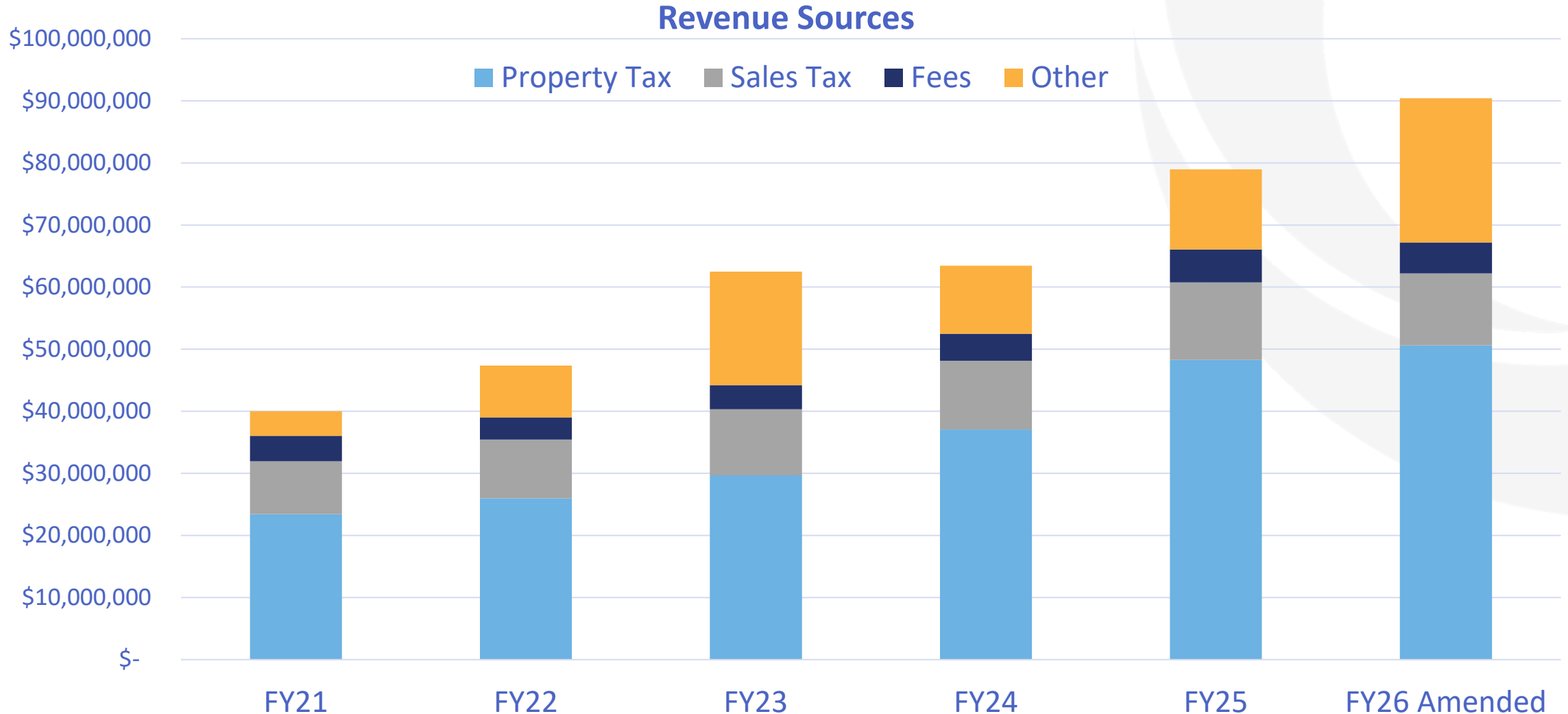




# Sales Tax Changes

- Wake County distributes municipal sales tax on a per capita basis
- The per capital distribution resets each year in August
  - In 2025 Garner's per capital share decreased from 1.74% to 1.69% of total county collections
    - Year-over-year sales tax growth is still positive, but rate has slowed
      - *Ex. August 2024 increase over 2023 = 10.94%*  
*August 2025 increase over 2024 = 4.31%*

# Historical Revenue Trends by Fiscal Year





# Revenue & Expenditure Impacts

- Staff is monitoring economic trends that could affect the budget process
- PFM Asset Management reports that the Fed indicates that energy prices are expected to push overall inflation higher in the near term
  - Averaging \$3.78/gal in NC for unleaded gas\*
  - Averaging \$5.46/gal in NC for diesel\*
- Real estate market is showing signs of softening
  - Average home in Garner costs \$400,000\*\*
    - A decrease of 4.64% from \$418,560

Source:

\*Fuel price data from AAA Fuel Prices

\*\*Housing data from Realtor.com

# Legislative Update: Property Tax Reforms



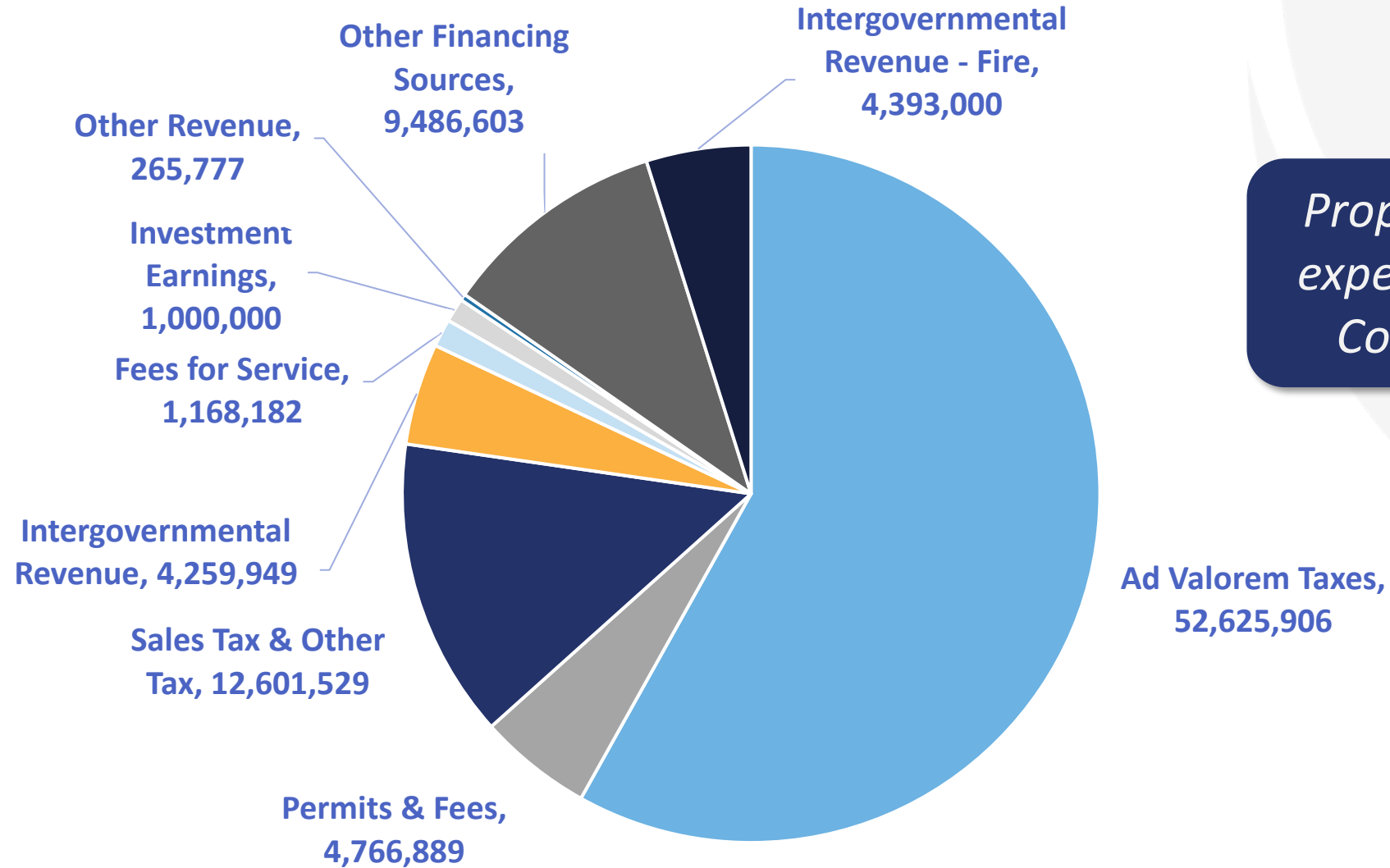
- NCGA has assembled a House Select Committee on Property Tax Reduction and Reform
  - Continued education on taxation system, exemptions and reform options
  - Proposed legislation include:
    - Modifications to low- and moderate-income housing property tax exemptions
    - Constitutional amendment implementing a property tax levy limit
- Discussions on property reassessment timelines and methodology



# FY27 Working Budget



# FY27 Working Revenues - \$90.6m



*Property tax update expected from Wake County mid-April*



# Base Updates and Changes



Employer Retirement Contribution

LGERS 15.1%: \$170,000

LEO 17.1%: \$87,000



Town Insurance & Worker's Compensation

Town and Fire: \$327,676



Health Benefit Increases

Total: \$222,524 (5.2%)

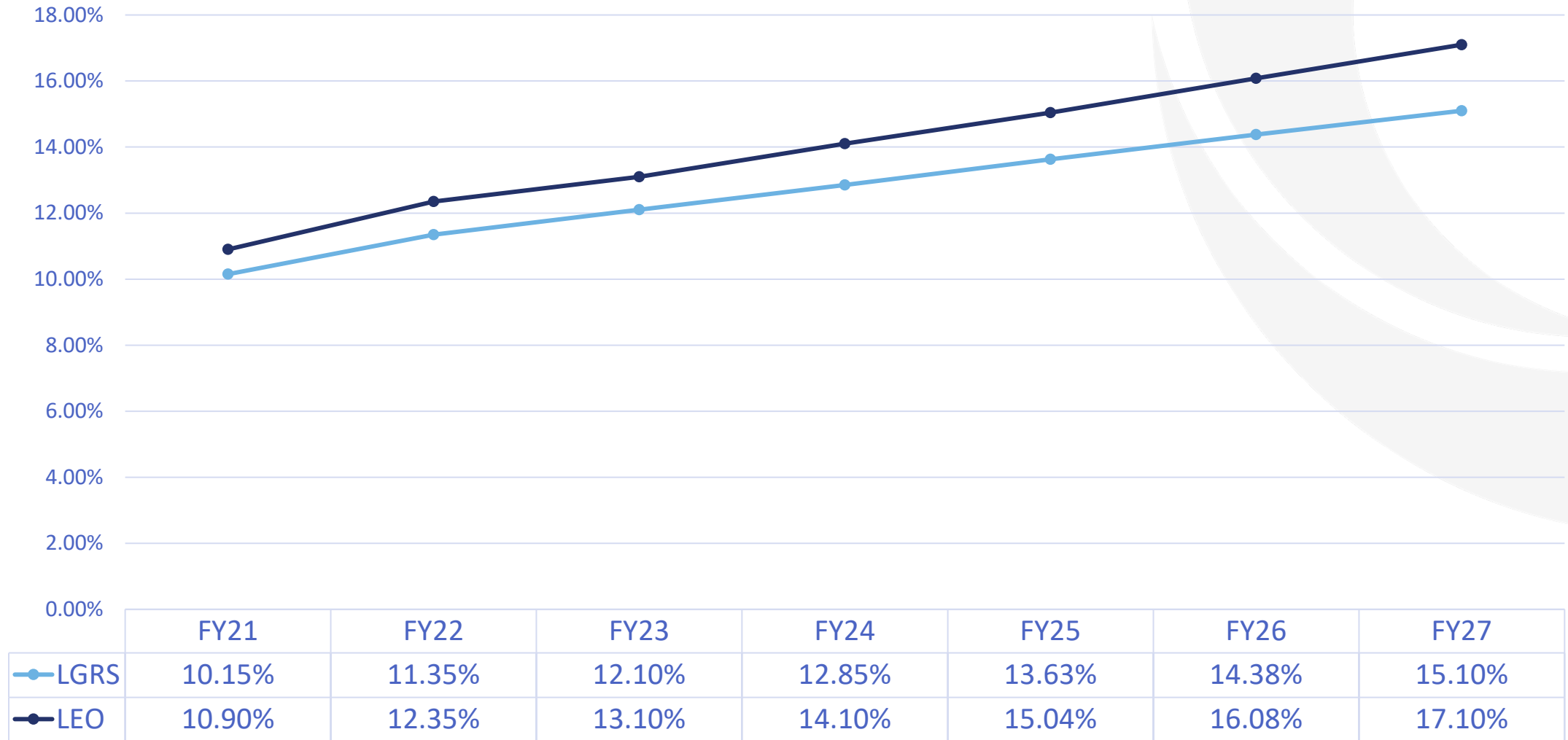


Fire Apparatus

Purchase of Pumper and Rescue Apparatus



# Employer Retirement Contribution Rates



# Programming Fire Apparatus Replacement

- FY27 requires ordering a pumper and a heavy rescue truck: \$3.4 million
  - Town will commit to debt finance purchase in FY27 and payments will begin in FY28 totaling \$441,000 annually
  - County provides \$187,000 annually for apparatus replacement
    - One-time payment of \$411,000 for debt paid off in FY26
  - Town will utilize Davenport to assist with the debt management





# FY27 Working Budget

Funding request classifications are organized by:

- **Obligations:** Expenditures that are required due to existing commitments.
- **Expectations:** Items where funding is strongly recommended due to prior commitments.
- **Demonstrated Need:** Requests identified by departments to meet established service-level standards.
- **Service Enhancement:** Proposed investments aimed at expanding the scope or increasing the effectiveness of services.



# FY27 Working Budget

	FY25 Actual	FY26 Amended	FY27 Working Budget
Revenues	78,949,401	90,416,105	90,567,835
Expenditures	66,449,812	90,416,105	90,594,625
<i>Surplus/(Deficit)</i>	12,499,589	-	(26,790)
<b>FY27 Obligations</b>			
<i>Town Insurance &amp; Workers Compensation</i>			327,676
<i>Health Insurance</i>			222,524
<i>Pay &amp; Class Update*</i>			1,500,000
<i>Additional Pay Period</i>			1,509,000
		<b>Total</b>	<b>3,559,200</b>
		<i>Surplus/(Deficit)</i>	<i>(3,585,990)</i>

\* Final amount available in April 2026.



# Classification & Compensation Study

- Hired Baker Tilly to complete classification and compensation study
- Last study implemented in FY24
- Project Underway
  - Data Collection completed
  - Position Review completed
  - Market Assessment completed
  - Pay Plan Development in progress
- Project Completion—target April 2026



## Classification and Compensation Study



# FY27 Working Budget

<b>FY27 Expectations</b>	<b>Cost</b>
Merit Adjustment (up to 4%)	938,000
Yeargan Homestead	1,000,000
Additional Operating Impacts for Yeargan	415,998
Fire Equipment and Upgrades (County Cost-Share)	344,000
Peacock Dam Remediation	155,000
White Deer Splash Pad Operating Impacts	98,362
<b>Total</b>	<b>\$2,951,360</b>



# FY27 Working Budget

- Department Budget Requests submitted January 19
- Department budget meetings were conducted March 17-19
- Results of the department meetings include:
  - Demonstrated Needs:
    - 18.0 FTEs
    - \$2.4 million
  - Service Enhancements:
    - 6.0 FTEs
    - \$2.1 million



# Department Budget Meetings Update

- Focus on improving operational efficiencies
  - Streamlining workflows
  - Reducing manual administrative tasks
  - Adopting tools that better capture and manage work
- Use data and real-time information to increase effectiveness
- Aligning staffing and resources to workload demands to maintain service levels and address gaps
- Building organizational capacity through processes, support roles and professional development
- Stormwater utility service expansion



# FY27 Budget Quagmire

- FY26 included two significant priorities: Preparing for Yeargan Park opening and Fire Merger
- National economy and events driving consumer decision-making
  - Sales tax revenues may be impacted
  - Cost of gasoline increasing
- Uncertainty with property tax exemptions and reforms
- Other NC municipalities are reducing base budgets due to revenue reductions –focus on maintaining FY26 levels



# FY27 Working Budget: Guiding Principals

## 1. Limit property tax increase as a solution

- Utilize one-time funding sources where appropriate
- Maintain FY26 budget levels

## 2. Address required expenses

- Additional pay period (one-time cost)
- Health insurance increase
- Retirement cost increase (included in base budget)
- Town Insurance and Worker's Compensation

## 3. Fulfill on-going project commitments

- Yeargan operating impacts
- Yeargan Homestead (one-time cost)
- White Deer Splashpad operating impacts
- Peacock Dam remediation (one-time cost)

## 4. Leverage partner resources

- Fire County cost share equipment (one-time cost)

## 5. Maintain compensation strategy

- Pay and Class—market focused
- Merit



# FY27 Working Budget

	<u>FTEs</u>	<u>FY27 Working Budget</u>	<u>Running Total</u>
FY27 Revenues		\$90,567,835	
FY27 Expenditures		\$90,594,625	(26,790)
<hr/>			
FY27 Obligations		3,559,200	(3,585,990)
FY27 Expectations		2,951,360	(6,537,350)
FY27 Demonstrated Needs	18.0	2,399,583	(8,936,933)
FY27 Service Enhancements	6.0	2,064,186	(11,001,119)



# FY27 Budget Portal

*In preparation for the development of the Town of Garner's Fiscal Year 2026–2027 Recommended Operating Budget, a public hearing has been scheduled to provide residents and interested parties an opportunity to share comments, suggestions, and perspectives that may inform the Town's ongoing budget development process.*

- Public Hearing launching the budget portal, March 17<sup>th</sup>
  - Public Hearing Notice shared with 587 subscribers, 296 opened
  - Budget Portal Page Received 147 pageviews
- The Budget Portal will be redistributed in the Newsletter and social media posts this week



# Budget Development Next Steps

## FY27 BUDGET SCHEDULE

March 31, 2026	Budget Check-in Work Session
April 28, 2026	CIP Work Session
April 30, 2026	Manager's Recommended Book Delivered to Council & Posted
May 5, 2026	Manager's Recommended Budget Presented
May 15, 2026	Council Budget Work Session
May 19, 2026	Second Budget Public Hearing
June 2026	Adoption: Council Consideration

A large, stylized, light blue 'G' graphic is positioned on the left side of the slide, partially overlapping the text. The 'G' is composed of two concentric shapes: an outer ring and an inner solid shape, both in a light blue color. The text 'Council Discussion and Direction' is centered horizontally and partially overlaid by the 'G' graphic.

# Council Discussion and Direction