

Agenda Item:

Consider Proposed Budget for Town of Mount Pleasant FY 2019-2020

- See attached file "2019-2020 Proposed Budget"

Narrative:

Review, discuss, and modify (if needed) the Proposed Budget for Town of Mount Pleasant FY 2019-2020. Town Manager and Leadership Team have made changes based on the March 2, 2019 Budget workshop for the Board's consideration.

Attachments in second email:

Budget Letter with talking points for presentation
FY2019-2020 Proposed Budget
Fees & Charges Schedule
Slideshow Presentation

Recommendation:

Open

***Set date of Public Hearing for Proposed Budget for
Town of Mount Pleasant FY 2019-2020 for June 10, 2019.***

Mount Pleasant

North Carolina

Founded in 1848

May 13, 2019

Honorable Mayor W. Del Eudy and Town Board of Commissioners
PO Box 787
Mount Pleasant, NC 28124

In accordance with the North Carolina Budget and Fiscal Control Act, I respectfully present for your review the proposed budget for the Town of Mount Pleasant for **Fiscal Year 2019-2020**.

The overall financial status of the Town is healthy, and we will request to use some fund balance transfers for one-time expenditures. Entering into **FY 2019-2020**, the Town is estimated to have an unreserved General Fund balance of **\$1,592,187**. This figure is only an estimate, as the accounts will not be audited and finalized until after July 1st. The recommended one-time General Fund balance transfer of **\$100,000** will result in an estimated **\$1,492,187** remaining in the undesignated fund balance. This will represent **76%** of the General Fund's operating expenses proposed for **FY 2019-2020**. The Town's adopted financial policy requires the Town to maintain a minimum fund balance threshold of 42% of expenses for potential emergencies. There is no recommendation to use any Water and Sewer reserves at this time. We estimate the Water and Sewer reserve to be **\$748,231**.

Revenues

Revenues are projected to increase, and we anticipate additional revenue increases in the next few years due to proposed residential development. Sales tax and other State Collected Local Revenues are expected to have a modest increase in the coming year. Estimates for these revenues remain conservative.

Property values had a significant increase of \$8,000,000 due to the former Middle School property and infill development being added to the tax books giving us **\$40,400** in additional revenue. The estimated total tax value of the Town for **FY 2019-2020** is **\$155,382,900 up from \$146,654,409 in FY 2018-2019**. The Town has historically maintained a good collection rate ranging between 97-98%. The projected collection rate for the upcoming year is conservatively estimated at 96% for real, personal,

vehicles, and public utility property. Using the above value and collection rate, a penny on the tax rate will generate an estimated **\$15,000**. The total General Fund revenues for **FY 2019-2020** are projected to be **\$1,971,742**.

There will not be a recommended increase in Water rates this year. However, there will be a recommended increase in the Sewer rates for **FY 2019-2020**. We have been notified by the Water and Sewer Authority of Cabarrus County (WSACC) there will be a wholesale rate increase of **3%** on sewer. The Town Manager and Leadership Team are recommending a **12%** increase in the sewer rates. Since 1999, there has only been one increase in rates: a 3% increase in FY 2015-2016, which was a pass through for the increased WSACC rate to the Town. Unfortunately, this has not allowed additional funding for routine sewer system maintenance. As indicated above, 3% of the 12% sewer increase is to cover this Fiscal Year's pass through increase from WSACC, leaving 9% for the much needed repairs of relining manholes and replacing manhole covers. The projected Water and Sewer Revenues for **FY 2019-2020** are **\$1,179,000**. The projected impact of the recommended increase is indicated below:

2000 Gallons		5000 Gallons	
<u>Current Base</u>	<u>Inside Rates</u>	<u>Current</u>	<u>Inside Rates</u>
Water	\$23.48	Water	\$36.32
Sewer	\$22.72	Sewer	\$39.73
Recycle	\$2.75	Recycle	\$2.75
Total	\$48.95	Total	\$78.80
<u>Proposed Base</u>	<u>Inside Rates</u>	<u>Proposed</u>	<u>Inside Rates</u>
Water	\$23.48	Water	\$36.32
Sewer	\$25.45	Sewer	\$44.50
Recycle	\$2.75	Recycle	\$2.75
Total	\$51.68	Total	\$83.57
Difference	\$2.73		\$4.77

Overall, the Town's revenues remain steady due to a proposed budget that has been approached with a revenue neutral tax rate. Estimates for State Collected Local Revenues are slightly higher based on trend and economic forecasts.

A new Fees and Charges Schedule is included in the budget packet.

General Fund and Water/Sewer Fund **Proposed Budget Fiscal Year 2019-2020**

Next year's proposed total budget is **\$3,150,742**. In comparison, the adopted budget for **FY 2018-2019** was **\$2,863,025** for an increase of **\$287,717**, which includes a **\$100,000** transfer from General Fund balance. The Town continues to be mindful of operating cost for each department.

Introduction to Overall Budget (Crystal)

GENERAL FUND

REVENUES (AMY)

1. How revenues are calculated (**SLIDE**)

EXPENDITURES (Crystal)

Town Hall:

1. Recommend \$6,000 in Maintenance and Repair to Town Hall (renovations to restrooms, etc.)
2. Recommend \$3,000 to Maintenance and Repair Vehicle (paint and letter Town Car - former deputy car.)

Governing Body: (Crystal)

1. Required \$7,100 for Election Fees per Cabarrus County Board of Elections. (Mayor Eudy and Commissioners Simpson and Sells seats will be on the ballot in November.)
2. Recommend \$2,400 for budget workshops, meeting supplies, other Board functions.

Administration: (Crystal)

1. Salaries, Retirement, FICA, 401K, Health Insurance distributed across each department.
2. Recommend 1.5% COLA.
3. Recommend a 1% contribution to 401k (which will meet our 5% goal.)
4. Required 1.2% yearly increase in the **base** amount the Town pays into the Local Government Employment Retirement System (LGERS). (This is for **ALL** members of the NC State Local Government Retirement System in order to address a significant retirement system funding short-fall expected in future.) Our rate will increase from 13.89% to 15.090% (break down is 8.95% for Pension and 6.140% "catch up amount Town contributes-which will stay unchanged" because

we entered the retirement system late. There will be an additional 1.2% yearly increase in the Town Pension portion until year 2021.

5. Recommend Firefighter salary increase from \$11.00/hr to \$11.25/hr.
6. Recommend to begin funding Future Retiree Insurance, \$2,500 General and \$2,500 Water/Sewer total \$5,000. These estimates may change based on recommendations by our Actuary Study.
7. Recommend \$11,500 for Computers and Software line item (which includes \$2,500 recurring cost) enabling Town to partner with Cabarrus County in an emergency calling system (like a phone tree or connect Ed.)
8. Recommend increase in Auditor's Fees (Sherrill and Smith and Cavanaugh Inc - Actuary study) to \$12,000. (we split 1/2 in General Fund & 1/2 in Water/Sewer Fund)

Planning and Zoning (Erin)

1. Recommend \$6,000 for NC Main Street Program / Merchants Association
2. Recommend continuing Contract Services (Benchmark) \$6,000 (assist with overlays, mapping, planning software, etc.)
3. Recommend \$10,000 in Attorney Fees (rezoning's, public hearings, easements, etc.)
4. Recommend \$10,000 in the Facade Grant Program (recurring cost)
5. Recommend \$5,000 for Abatement and Demolition

****Update From Erin Burris on DOT/Hwy 49 Landscape Project/Sign****

Law Enforcement (Amy)

1. Recommend \$135,000 to continue contracting with Cabarrus County on Law Enforcement. (Town pays for 2 deputies / County pays for 2 deputies.)
2. Continue budgeting for law enforcement vehicle replacement \$10,000 (as of March 31, 2019, \$46,548 in account - vehicles are on a 7-year replacement schedule.)

Fire Department (Jerry)

1. Recommend \$8,000 Dues and Subscriptions: "Target" (online training hours software) and "Firehouse Software" (reporting system shared with Harrisburg FD)
2. Recommend \$10,000 in Computers and Software for Mobile Communications System - which can be moved from truck to truck.
3. Recommend one-time fund balance transfer to purchase Brush Truck \$60,000
4. Recommend \$14,000 for Maintenance and Repair Building.
5. Recommend a 1.5% increase in rural fire tax rate (Cabarrus County). Rate increase will provide an estimated annual revenue of \$63,000. **(Slide)**
 - a. Recommend purchase of a **new** Primary Response Unit (pumper tanker) (\$600,000 to \$650,000 for 15 years) **if Rural Fire Tax increase is**

approved by Cabarrus County. Annual debt payment would be approximately \$56,000 (principal/interest.) A 1.5% increase in rural fire tax would cover debt/interest payment with remaining funds used to help cover Firefighter pay increase.

6. Recommend renovating existing fire station (using existing funds that have been set aside: (\$190,829.91 + proposed \$110,000 FY 2019-2020 = \$300,000)
7. Recommend continuing to set aside \$110,000 for Capital Outlay Project (Building/renovation.)
8. Recommend continuing to set aside \$20,000 for capital vehicle expense.
9. Recommend purchase of Chief's vehicle (SUV estimated \$35,000). We currently have \$46,466 in a Capital Reserve Account. We are also recommending to continue budgeting \$20,000 per year for any future Fire Department vehicle purchase.
10. Recommend Debt and Interest Payments on Tanker \$34,690, which was purchased in 2015.

Public Works - Operations (Justin)

1. Recommend \$5,000 to be used for bird netting at Public Works. **Slide**

Public Works - Streets (Justin)

1. Recommend one-time fund balance transfer of \$30,000 for Leaf Machine (discussion)
2. Recommend \$5,000 for parking lot repair when Town Hall sewer line is replaced.
3. Recommend \$7,500 for Maintenance and Repair Streets for utility cuts (non-Powell related.)

Sanitation (Justin)

1. Recommend \$12,000 to continue replacing recycling cans.

Public Works - Building/Grounds (Justin)

1. Recommend \$10,000 in Building and Grounds Repairs (minor Town Hall bathroom renovation)

Recreation and Cultural/Farmer's Market (Crystal)

1. Recommend \$10,000 in Events (Fall Festival / Tree Lighting [band, stage, tree decorations], Light decorating contest.)
2. Recommend \$14,000 in Property Maintenance (parking lots, all buildings, playground, benches, trash cans, etc.)
3. Recommend \$10,000 in Capital Outlay Buildings and Structures (renovation to McAllister field restrooms)
4. Recommend \$17,000 for Independence Celebration to continue to grow that event, two bands, more fireworks, etc.
5. Recommend \$1,500 for Christmas Parade - continue to grow that event.

Debt Payments (Amy) (Slide)

WATER SEWER

REVENUES (Amy) Slides

1. Town Staff are recommending No increase to Water rates this year.
2. Town Staff are recommending a 12% increase in the sewer rates. We have been notified by the Water and Sewer Authority of Cabarrus County (WSACC) there will be a wholesale rate increase of 3% on sewer. Since 1999 there has only been one increase in FY 2015-2016 of 3% which was a pass through for the increased WSACC rate to the Town. This has not allowed additional funding for routine sewer system maintenance. As indicated above, 3% of the 12% sewer increase is to cover this Fiscal Year's pass through increase from WSACC, leaving 9% to begin much need repairs of relining manholes and replacing manhole covers (estimated 10-year project.)

EXPENDITURES

Water/Sewer Admin (Crystal)

1. Recommend increase in Auditor's Fees (Sherrill and Smith and Cavanaugh Inc - Actuary study) to \$12,000.
2. Recommend increase in Attorney Fees to \$10,000 (Summer Street Pump Station project, Main Street Water line project, FEMA project.)
3. Recommend increasing Postage and Associated Supplies to \$15,000.

Water/Sewer - Operations Center (Justin)

1. Recommend \$10,000 for Maintenance and Repair Buildings (buildings, access driveways to brush pile, etc.)

Water (Justin)

1. Recommend \$27,500 in Maintenance and Repair Water Lines for repair of water line (Hwy 49 to First Bank and general maintenance.)
2. Recommend \$7,500 Water Dept Supplies (Strobe lights, trailer brakes, other small equipment i.e. Tamp, Thumb for Mini Excavator.)
3. Recommend \$20,000 to continue replacing water meters.
4. Recommend \$2,000 for Education and Travel (certifications, classes.)

Sewer (Justin) - Slides

1. Recommend \$5,500 Maintenance and Equipment for dump truck upgrades.
2. Recommend \$52,500 for Maintenance and Repair sewer lines (which includes \$25,000 to reline 10 manholes and \$10,000 to replace 40 replace manhole covers [estimated 10-year project.]

Water Operations (Kenny)

1. Recommend \$10,000 in Capital Outlay Bldg/Property for repair to the electrical motor panel at the Raw Water Intake Dam. (Slide)
2. Recommend \$20,000 Maintenance and Equip Plant – for possible repair the backwash solenoids and lagoon trough.
3. Recommend approval of \$29,000 to establish maintenance agreement with Utility Services for North Drive and Foil Street Water Tanks. Future revenues from placement of cell towers on the North Drive Tank will offset expenditures and tanks will be self-sustaining. Reminder we spent \$360,000 2 years ago for maintenance on tanks. Town's estimated revenue from cell tower will be approximately \$21,000 per year per carrier.
4. Request \$1,200 for purchase of Algae mixer and associated equipment to help slow down algae growth.

Debt Payments (Amy) (Slide)

The total proposed budget for the Town of Mount Pleasant for FY 2019-2020 is balanced with revenues and expenditures of \$3,150,742 with a recommended tax rate of \$0.505 per \$100 valuation and sewer rate increase of 12% with no increase in water rates is hereby submitted for your review and consideration.

Respectfully,

Terry R. Holloway, Town Manager
and

Town of Mount Pleasant Leadership Team