



**TO: THE CITIZENS OF THE TOWN OF FLETCHER
THE HONORABLE MAYOR AND TOWN COUNCIL OF
THE TOWN OF FLETCHER**

**FROM: MARK E. BIBERDORF
TOWN MANAGER/BUDGET OFFICER**

DATE: May 27, 2016

**SUBJECT: BUDGET MESSAGE FOR THE TOWN OF FLETCHER FOR
FISCAL YEAR 2016/2017**

BUDGET MESSAGE

Overview:

Presented here for your consideration is the proposed budget for the Town of Fletcher for Fiscal Year 2016-2017. The total proposed budget for the new fiscal year is \$6,421,389. This represents a 4% increase from the prior year budget of \$6,183,468. The increase in this spending plan is occurring primarily through additional property tax revenues. The property tax rate will remain at its current rate of \$.34 per \$100 valuation.

Last year was a revaluation year for Henderson County. Under revaluation, property values grew by 4.4% for Fletcher and helped to add to the available property tax base. This year property values continued to grow primarily due to new construction activity and additions to business personal property inventories. Growth in the Town's sales tax base also contributed to the increase in available revenues, with retail sales activity being strong and projected to stay strong in the new fiscal year.

In terms of spending decisions, the personnel budget for this year includes no additional full-time positions within any of our departments. Part-time staffing will increase slightly though due to maintenance and programmatic needs for the Parks & Recreation Department. In particular, this will help with maintenance of Fletcher Community Park and coverage of room rentals at Town Hall.

Major capital needs are also addressed in the budget. Two projects in particular are a new Parks & Recreation Maintenance Building and a Public Works Vehicle Shed. These projects will be funded within the Capital Improvement Plan (CIP) on the debt service side. Equipment replacement items will also be included in the CIP for Public Works and the Police Department. Public Works will be replacing their backhoe and the Police will continue their three car vehicle rotation schedule.

The Parks & Recreation Department will also be making an equipment upgrade in order to eliminate some contract mowing costs from their budget. They will be purchasing a piece of mowing equipment that will allow them more efficiently cut grass at Fletcher Community Park. By taking this function back in-house it will allow them to save \$8,000 a year in contract mowing services.

FY 16/17 Budget Goals:

The Town Council held a budget workshop in March and a budget retreat in May of this year. Certain goals and priorities were identified at the budget retreat. Among those goals were the following:

- 1) Maintain existing service levels with some increases in operational expenses and revenues.
- 2) Continue to dedicate 8.5 cents of the tax levy toward the CIP and implement Year 1 of the new Five Year CIP.
- 3) Aggressively pursue development partners and any key pieces of property that will support the Fletcher Town Center project.

General Fund Revenues:

Total revenues for the FY 16-17 budget are projected to increase at a moderate level. The largest area of growth will be in property taxes. This is attributed to new construction activity primarily on the commercial side and business personal property inventories being strong. Each of these functions resulted in an overall increase in the tax levy of \$161,757. This brings the total projected property tax levy for the new fiscal year to \$3,723,665. This levy is based off of a total property valuation of \$1,106,258,000. The prior year budgeted valuation was \$1,069,000,000.

The second largest source of revenue to the Town's General Fund is sales tax. Sales tax projections for the previous year were increased significantly to due to retail sales improving. Economic forecasts show that retail sales should continue to grow for the coming year. With some moderate growth occurring in the economy and a moderate adjustment in our base revenues, we are projecting about a 7% increase in sales tax revenues going from \$1,300,000 to \$1,397,000.

Our third largest source of revenue comes from utility sales taxes. These are monies that are collected by the utility companies and re-distributed back to municipalities from the Department of Revenue. The amount of utility sales tax produced depends on the amount of business and consumer usage of those services. We are anticipating the amount of revenues received here to increase moderately from \$670,000 to \$700,000.

Fees are the next largest source of revenue to the General Fund. Fees that the Town brings in to underwrite parks and recreation activities are projected to remain constant. The four sources of revenue in the General Fund that help to finance parks and recreation activities are Recreational Activities, Concession Stand, Memorial Golf Tournament, and Community Park Development Fund. Fees and contributions from these sources will fund 20% of the cost of operating the Parks & Recreation Department. Additional marketing and reconfiguration of programs will help to increase this figure.

ABC revenues are also a strong source of funding for the Town and will increase slightly this year. These monies are derived from the net proceeds on sales from the Fletcher ABC store. Revenues are expected to increase by 8% due to strong sales activity over the past year. Projections indicate that this will mean an increase from \$60,000 to \$65,000.

General Fund Expenditures:

CIP:

This is the first year of implementation of the Town’s new five year capital improvement plan (CIP). The Town funds an annual capital budget within the CIP with \$.085 of the tax levy. From this total, \$.065 is applied to debt service on projects supported by loans. The remaining \$.02 of the tax levy is applied to new projects not supported by debt. Total revenues available for the CIP this year are \$930,916.

Debt Service Commitments in CIP:

Debt is projected to be issued for two projects and the resulting debt service requirement is a part of the current commitment of CIP funds. The annual debt service requirements for this fiscal year are as follows:

Town Hall & Infrastructure	\$585,413
Parks & Rec. & Public Works Bldgs.	<u>\$ 49,000</u>
Total Debt Service Requirements	\$634,413

Non Debt Service Projects:

Projects recommended for funding without debt service are as follows:

Police Car Rotation (3 patrol vehicles)	\$114,500
Public Works Backhoe	<u>\$ 90,000</u>
Total Non-Debt Service Requirements	\$204,500

Additional Payment to Debt Principal:

Supplemental Payment to Principal	\$92,003
-----------------------------------	----------

Major Contracted Services - Fire Departments:

The Town of Fletcher contracts for fire protection services with Fletcher Fire and Rescue. The Town also contracts with Mills River Fire & Rescue for two parcels on the west side of Town. Each department receives a portion of the Town's tax levy. 11.5¢ of the tax rate is proposed for Fletcher Fire & Rescue. 9¢ of the tax rate is proposed on the value of the two parcels that receive fire protection services from Mills River Fire & Rescue. The following are the estimated appropriations for each fire department:

Fletcher Fire & Rescue	\$1,137,000
Mills River Fire & Rescue	\$ 124,060

Departmental Capital Expenditures:

Police Department – The funding authorized here supports the purchase of three new vehicles to support their fleet rotation schedule. \$114,500 is being appropriated within the CIP to purchase three patrol cars. Within their operating budget they have also budgeted \$43,700 for a motorcycle patrol, if approved, with grant funding from the North Carolina Governors Highway Safety Program.

Public Works – Funding is authorized in this budget to replace the front end loader and backhoe attachment with an independently functioning backhoe unit. This is a CIP item budgeted for \$90,000.

Parks & Recreation - A total of \$36,000 is budgeted for two capital projects within

the Parks & Recreation Department. \$20,000 is budgeted for the renovation of the men's restroom at Fletcher Community Park. \$16,000 is budgeted for the purchase of a widespan mowing attachment.

Personnel:

Last year an additional detective position was funded within the Police Department. This was a great help in covering investigative demands of the department. This year however no additional full-time positions are being requested for any of the Town departments.

The only increase in staffing levels this year will be for additional part-time hours in Parks & Recreation. This will be for maintenance at the park and covering meeting space rentals at Town Hall.

There will be no cost of living adjustment (COLA) this year due the Consumer Price Index being flat. Merit pay adjustments however have been budgeted for those employees who qualify through the performance review system.

SUMMARY

This budget message provides a brief overview of the financial plan for the Town of Fletcher for Fiscal Year 2016-2017. Estimates of anticipated revenues and expenditures have been carefully analyzed and presented within the full body of the proposed budget. With the Mayor, Council and staff's input we have presented a document that will guide the decisions and services provided to our residents over the coming year.

This budget also includes the first year of implementation of the five year capital improvement plan (CIP). Developing the CIP was a good opportunity to look strategically at both existing and future needs of the Town. Continuing to implement the plan is a good way to keep pace with the replacement, upgrade and expansion of the Town's capital facilities.

The Heart of Fletcher/Fletcher Town Center project continues to be a top priority and an important part of this budget. Four years ago funding was put in place to build a new Town Hall and secure additional property for Phase 1 improvements in the

Fletcher Town Center. With both of those objectives now met, the focus continues to shift toward development of the rest of the Town Center area.

I would finally like to thank the Mayor, Council and staff for the time and effort that went into the formation of this budget. This was truly a collaborative effort that took many months and multiple meetings to achieve. I relied heavily on our staff who displayed a great attitude and team effort to make this happen.

I respectfully submit this budget for your consideration.

Mark E. Biberdorf
Budget Officer/Town Manager