



**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 31, 2018

**SUBJECT: BUDGET MESSAGE FOR THE TOWN OF FLETCHER FOR
FISCAL YEAR 2018/2019**

BUDGET MESSAGE

Overview:

Presented here for your consideration is the proposed budget for the Town of Fletcher for Fiscal Year 2018-2019. Revenues and expenses for the new budget are expected to total \$6,901,020. This represents a 3% increase from the prior year budget of \$6,701,529. The increase in this spending plan is occurring primarily through additional property tax and ABC store revenues. The property tax rate will remain at its current rate of \$.34 per \$100 valuation for the new fiscal year.

Values supporting property tax growth continued to grow primarily due to new construction activity and increases in real property values. Motor vehicle values accounted for the second largest source of increase within the property tax base. Growth in the Town's sales tax base however, which is the second largest source of revenue for the budget, dropped off considerably due to the distribution formula being impacted by property tax rates in other jurisdictions. Although the Town's tax rate has remained the same over the last several years, increases in the tax rate for other jurisdictions in Henderson County have affected the formula distribution for sales tax revenue to Fletcher.

In terms of spending decisions, the personnel budget for this year does not include any new full-time positions. Staffing levels for the Town will therefore remain at 37 full-time employees. There will be additional funding for part-time assistance to help support existing programs and services. Last year the Town was fortunate to add a Lieutenant position in the Police Department and a Maintenance Specialist in Public Works that enabled us to better maintain existing service levels for our residents.

Several capital needs will also be addressed in this budget. These projects will be funded within the Capital Improvement Plan (CIP). Items in the CIP will include an equipment upgrade for brush collection services that will enable Public Works to semi-automate this process. Also included within the CIP will be the resurfacing of the paved trails at Bill Moore Community Park, replacement of playground equipment at Kate's Park, and continuation of the police car rotation program.

The Town will also be starting construction on a large capital project that will impact a portion of Highway 25 running through the center of Town. The Highway 25 Corridor Improvement Project will include streetscape and traffic calming improvements to

support development of our downtown area. This is a grant funded project with a portion of the cost coming from fund balance.

FY 18/19 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. The goal was to achieve this without a tax rate increase.
- 2) Continue to dedicate 8.5 cents of the tax levy toward the CIP and implement Year 3 of the new Five Year CIP.
- 3) Continue to work with developer partners to determine more concrete plans for development of Town owned property and adjoining properties for the Town Center project.

General Fund Revenues:

Total revenues for the FY 18-19 budget are projected to increase at a moderate level. The largest area of growth will be in property taxes. Property taxes comprise the largest portion of general fund revenues. The growth that is occurring is largely attributable to new construction activity affecting real property values and increases in motor vehicle values. Each of these factors resulted in an overall increase in the tax levy of \$106,243. This brings the total projected property tax levy for the new fiscal year to \$3,944,161. The levy is based off of a total property valuation of \$1,171,765,000. For comparison purposes, the prior year budgeted value was \$1,140,201,000

The second largest source of revenue for the budget comes from sales taxes. Consumer spending has been strong and is projected to continue to be strong in the new fiscal year. Our percentage of growth will be stunted though by recent increases in the property tax rate for the other municipalities in Henderson County and the County itself. This in turn affects the sales tax distribution formula for Fletcher since

we are part of an ad valorem based methodology. Our sales tax revenues are therefore only projected to increase minimally from \$1,550,000 to \$1,566,000.

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 decrease slightly from \$689,000 to \$679,000.

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 increase slightly. The Parks & Recreation Department added a middle school component to the Summer Day Camp program that will increase revenues. Fees and contributions from these sources will fund 19% of the cost of operating the Parks & Recreation Department.

ABC revenues are also a strong source of funding for the Town and will increase significantly this year. The Fletcher ABC Store was able to pay off the loan on their building which has freed up over \$80,000. This coupled with an increase in sales means a \$100,000 increase in anticipated revenues. Total revenues to the Town from the Fletcher ABC Store should exceed \$170,000 for the new fiscal year.

General Fund Expenditures:

CIP:

This is the third year of implementation of the Town's five year capital improvement plan (CIP). The Town funds an annual capital budget 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 \$986,040.

Debt Service Commitments in CIP:

Debt is projected to be issued for one project 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	\$579,925
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Non Debt Service Projects:

Projects recommended for funding with cash are as follows:

Police Car Rotation (3 patrol vehicles)	\$119,500
Resurface Walking Trails BMCP	\$ 58,000
Kate’s Park Playground Equipment	\$ 53,000
Knuckle Boom Brush Truck	\$145,000
Total Cash Project Requirements	\$375,500

Additional Payment to Debt Principal:

Supplemental Payment to Principal	\$30,615
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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 one parcel 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 one parcel that receives fire protection services from Mills River Fire & Rescue. The following are the estimated appropriations for each fire department:

Fletcher Fire & Rescue	\$1,210,419
Mills River Fire & Rescue	\$ 125,236

Departmental Capital Expenditures:

Police Department – The funding authorized here supports the purchase of three new vehicles to support their fleet rotation schedule. \$119,500 is being appropriated within the CIP to purchase three patrol cars.

Public Works – Funding is authorized in this budget to purchase a knuckle boom brush truck with grappler. The brush truck will allow Public Works to semi-automate the brush collection process. This is a CIP item budgeted for \$145,000. This department will also be purchasing a four post vehicle lift at \$12,000 and a zero turn

mower at \$12,000.

Parks & Recreation – This department will be purchasing a field groomer for the maintenance of the baseball fields at an estimated cost of \$17,000. They will also be replacing one of their zero turn mowers at a cost \$12,000. In addition, they will be purchasing a utility rec vehicle at a cost of \$11,000 for maintenance of the park facilities.

Personnel:

No new full-time positions are included in this budget. There will be some minor increases to part-time salaries to better recruit temporary staff for Parks & Recreation activities. This is true in particular for the Summer Day Camp program where it is being expanded to serve middle-school children.

In terms of compensation to employees, there will be a 2% cost of living adjustment (COLA) this year due the Consumer Price Index increasing slightly. Merit pay adjustments are also 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 2018-2019. 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 third 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. Six 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