



**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, 2019**

**SUBJECT: BUDGET MESSAGE FOR THE TOWN OF FLETCHER FOR  
FISCAL YEAR 2019/2020**

## **BUDGET MESSAGE**

### **Overview:**

Presented here for your consideration is the proposed budget for the Town of Fletcher for Fiscal Year 2019-2020. Revenues and expenses for the new budget are expected to total \$7,594,772. This represents a 10% increase from the prior year budget of \$6,901,020. The increase in this spending plan is occurring primarily through an increase in property tax revenues. The property tax rate will remain at its current rate of \$.34 per \$100 of assessed valuation for the new fiscal year.

This is a revaluation year for Henderson County. Revaluation attempts to bring the assessed value on real property closer to market value. For Fletcher, this produced about a 20% increase in property values. The proposed budget does not adjust the property tax rate back to a revenue neutral rate, so the increase in values will mean an increase in property taxes for most residents. The revenue neutral tax rate calculation needed to keep property taxes close to their current level would be \$.314.

In terms of expense decisions, the personnel budget for this year includes a Detective-Lieutenant position in the Police Department. This position will help with investigations and supervision in the Criminal Investigations Division. This was a needed position due to the complexity and volume of criminal cases that our Police Department is taxed with investigating. With this new position, it will bring the total number of full-time positions for all departments to 38 employees.

This budget also includes funding to implement recommendations of a recent compensation and classification study. The purpose of the study is to help ensure that Town employees are compensated properly within the market for comparable local government positions. It had been over ten years since the last study was done. Implementing the recommendations will help to ensure that the Town remains competitive in recruiting and retaining top level staff for the services that we provide.

The proposed budget also includes funding to help improve recycling services. This past year the Town started a process to transition to 95 gallon recycling carts that were first distributed to the Hooper's Creek area of Town. A grant obtained from the North Department of Environmental Quality helped with the startup costs. This was originally planned to be a phased project where different areas of Town would receive the carts over a multi-year period. However, due to the initial success of the program

and a desire to have the service reach all of our residents Council has decided to accelerate implementation of the program. This will require the purchase of enough carts to reach all of our households who receive recycling services over the next year.

### **FY 19/20 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 the addition of potentially one new position. This would require moderate increases in operational expenses and revenues.
- 2) Fully fund the recommendations of the compensation and classification study.
- 3) Determine a clear cut path for identifying a location and re-bidding the Parks & Recreation Maintenance Building project.
- 4) Determine a contribution that the Town could make to help fund construction of a new library facility.
- 5) Continue to dedicate 8.5 cents of the tax levy toward year four of the Five-Year Capital Improvement Plan.
- 6) 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 19-20 budget are projected to increase at a substantial level. The largest area of growth will be in property taxes due to revaluation. Property taxes traditionally make up the largest portion of general fund revenues. In addition to the revaluation impact, growth is occurring that is contributing to new construction activity that in turn affects overall property values. Each of these factors resulted in an overall increase in the tax levy of \$487,445. This brings the total projected property tax levy

for the new fiscal year to \$4,431,606. The levy is based off of a total property valuation of \$1,316,579,000. For comparison purposes, the prior year budgeted value was \$1,171,765,000.

The second largest source of revenue for the budget comes from sales tax. Consumer spending has been strong and is projected to continue to be strong in the new fiscal year. Sales tax is projected to grow by 7% from the previous year. This will produce an additional \$114,000 in revenue. This should bring total receipts as compared to the previous year from \$1,566,000 to \$1,680,000.

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 slightly from \$679,000 to \$718,000.

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 middle school component that was added to the Summer Day Camp program last year will help to continue to increase revenues. Fees and contributions from these sources will fund 17% of the cost of operating the Parks & Recreation Department.

ABC revenues are also a strong source of funding for the Town. They increased significantly last year when the building debt on the ABC store was paid off. Sales also grew this past year greater than was originally projected. Total revenues therefore to the Town from the Fletcher ABC Store should exceed \$192,000 for the new fiscal year.

### **General Fund Expenditures:**

#### **CIP:**

This is the fourth 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 \$1,107,901.

***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	\$571,377
Parks & Recreation Maintenance Building	\$100,000
Total Debt Service Requirements	\$671,377

***Non Debt Service Projects:***

Projects recommended for funding with cash are as follows:

Police Car Rotation (3 patrol vehicles)	\$119,500
Playground Equipment BMCP	\$100,000
Police Office Space Expansion	\$ 41,182
Total Cash Project Requirements	\$260,682

***Additional Payment to Debt Principal:***

Supplemental Payment to Principal	\$175,842
-----------------------------------	-----------

**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. 11¢ 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	\$1,371,104
Mills River Fire & Rescue	\$ 129,172

## **Departmental Capital Expenditures:**

**Police Department** – The funding authorized here supports the purchase of three new vehicles for the fleet rotation schedule at \$119,500 within the CIP. CIP funding will also be included to create two new offices within the secure area of the Police Department at \$41,182 to accommodate new staff.

**Public Works** – Town-wide implementation of the recycling cart program will require funding in the amount of \$122,000. Public Works will also receive funding in the amount of \$5,000 for the purchase of an oil pump transfer system to help improve efficiencies with fleet maintenance.

**Parks & Recreation** – This department will be purchasing a new tractor at an estimated cost of \$60,000. This will be used for field maintenance and other maintenance related projects at the parks.

**Information Technology** – The IT Department will receive funding in the amount of \$32,700 for a PC replacement project to have all PCs running Windows 10.

## **Personnel:**

There is one new full-time position included in this budget. A Detective-Lieutenant position is recommended for the Police Department. This position will help with conducting investigations and supervising officers within the Criminal Investigations Division. This will bring the total number of full-time positions for the Town to 38 positions.

In terms of compensation to employees, there will be a 2.8% 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. Finally, the Town is also implementing recommendations from a recent compensation and classification study to ensure that employees are being compensated within the market for comparable positions.

## SUMMARY

This budget message provides a brief overview of the financial plan for the Town of Fletcher for Fiscal Year 2019-2020. 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 fourth 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. Funding is included to conduct a market analysis and economic development strategic plan to help further the Town Center efforts. Funding is also included to help secure adjacent properties that are part of the project area for redevelopment.

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