



**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, 2022

**SUBJECT: BUDGET MESSAGE FOR THE TOWN OF FLETCHER FOR
FISCAL YEAR 2022/2023**

BUDGET MESSAGE

Overview:

Presented here for your consideration is the proposed budget for the Town of Fletcher for Fiscal Year 2022-2023. Revenues and expenses for the new budget are expected to total \$8,651,437. This represents a moderate increase from the prior year budget of \$8,021,341. The increase in the spending plan is occurring primarily through an increase in projected sales tax and property tax revenues. This will allow the property tax rate will remain at its current rate of \$.34 per \$100 of assessed valuation for the new fiscal year.

Town services will largely remain the same as the prior year with no notable changes to mention. What is changing is the volume of activity with the growth that is occurring in Fletcher. This has impacts on solid waste services, police response, and use of park facilities. Fortunately, revenue from sources such as sales tax and property tax are meeting that need without necessitating an increase in the tax rate. The following year will include revaluation of the existing tax base and Town staff will be monitoring this closely as it impacts the setting of our tax rate.

In terms of personnel spending decisions for this budget, two new Patrol Officer positions are being added in our Police Department to help maintain the current level of service and plan for the future. Our full-time, part-time, and seasonal part-time positions in other departments will remain at their current levels. The personnel budget for this fiscal year will include a 6% cost of living adjustment and a salary/market study update. The budget also includes continued implementation of our merit pay system for eligible employees.

Multiple capital expense items are also included in this budget. Some of them will be included within the departmental operating budgets and others will be included within the annual budget of the Capital Improvement Plan (CIP). Of particular note, new facilities for Parks & Recreation will include tennis courts and a basketball court at Bill Moore Community Park. Other capital items will be detailed later in this document.

FY 22/23 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 workshop.

Among those goals were the following:

- 1) Maintain existing service levels within our current tax structure. This will require moderate increases in operational expenses and revenues.
- 2) Determine specific allocations toward eligible projects that the Town would want to pursue with American Rescue Plan funding.
- 3) Continue to dedicate 8.5 cents of the tax levy toward year two of the Five-Year Capital Improvement Plan.
- 4) Continue to work with Martin Real Estate and the Waddells in developing the first phase of the Town Center project on Highway 25.

General Fund Revenues:

Total revenues for the FY 22-23 budget will see a moderate level of growth primarily from sales tax. It is property taxes though that make up the largest portion of our general fund revenues. This is still the case this year but what has happened is our major industries have invested less in new machinery and equipment. This in turn caused the portion of our property tax base comprised of business personal property values to drop. The result is that our overall property tax levy for the new fiscal year only includes a slight increase at \$4,768,294. That levy is based off of a total property valuation of \$1,416,605,000. For comparison purposes, the prior year budgeted valuation was \$1,383,922,000.

The second largest source of revenue for the Town comes from sales tax and it is impacted by consumer spending. Consumer spending wound up far surpassing what was anticipated last year. That coupled with normal growth in sales tax means that we are looking at a 16% increase in sales tax revenues. This should bring total receipts as compared to the previous year up from \$1,907,055 to \$2,205,777.

Our third largest source of revenue comes from utility sales tax. 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 \$682,500 to \$704,000.

ABC profits are our next largest source of revenue. ABC revenues from our one liquor

store have consistently been a strong source of funding for the Town. They increased significantly four years ago when the loan on the store was paid off. Sales also grew this past year greater than the original projections. Total revenues therefore to the Town from the Fletcher ABC Store should exceed \$270,000 for the new fiscal year.

General Fund Expenditures:

CIP:

This is the second year of implementation of the Town’s updated 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 estimated to be \$1,192,074.

Debt Service Commitments in CIP:

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

Town Hall & Infrastructure	\$549,130
Town Center Property on Hwy. 25	\$168,900
Garbage Truck	\$102,733
Total Debt Service Requirements	\$820,763

Non-Debt Service Projects:

Projects recommended for funding with cash are as follows:

Police Car Rotation (3 patrol vehicles)	\$127,500
PW – Heavy Duty Pick Up Trucks (2)	\$115,000
Kate’s & Pete’s Park Resurface Trail	\$ 41,000
Tennis Courts at BMCP	\$150,000
Basketball Courts at BMCP	\$100,000
Total Cash Project Requirements	\$533,500

Payment from Unassigned Fund Balance: \$162,189

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	\$1,505,975
Mills River Fire & Rescue	\$ 107,959

Departmental Capital Expenditures:

Police Department – The funding authorized here supports the purchase of three new vehicles for the fleet rotation schedule at \$127,500. This is budgeted within the CIP. The Police Department’s operating budget will also receive \$92,240 for the purchase of two new vehicles for the new Patrol Officer positions.

Public Works – Public Works will receive funding in the amount of \$11,000. This is for a tire balancer at \$5,000 and two pneumatic air pumps at \$6,000.

Parks & Recreation – This department will be purchasing a new Polaris Gator at an estimated cost of \$14,000. This replaces an older model and will be used for maintenance at Bill Moore Community Park. This department will also receive CIP funding for resurfacing the walking trail at Kate’s & Pete’s Park at \$41,000, tennis courts at Bill Moore Community Park at \$150,000, and basketball courts at Bill Moore Community Park at \$100,000.

Information Technology – The IT Department will receive funding in the amount of \$10,744 for a backup system upgrade, \$42,000 for replacement of the camera systems at Town Hall and Bill Moore Community Park, \$8,800 for next gen firewalls at Town Hall, and \$15,000 for a council meeting web archive solution.

Personnel:

Two new Patrol Officer positions are included in this budget. This will help the Police Department to better cover shifts to meet existing service demands and to accommodate future growth. No other new full-time or part-time positions are being added to this budget. With the new Patrol Officer positions, this will bring the total number of full-time positions for all departments to 40 full-time employees.

In terms of compensation to employees, there will be a 6% cost of living adjustment (COLA) this year due to the Consumer Price Index increasing significantly. Merit pay adjustments are also budgeted for those employees who qualify through the performance review system. Finally, the Town will also be doing a salary market study update to make sure that we are keeping pace with a drastically changing market.

SUMMARY

This budget message provides a brief overview of the financial plan for the Town of Fletcher for Fiscal Year 2022-2023. 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 second year of implementation of our updated 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 Fletcher Town Center project continues to be a top priority and an important part of the budget for this year. The Town is excited to be working with a developer to construct a portion of the planned project area on Highway 25. Funding is included in this budget to cover oversight of the new agreement that governs how this development will occur.

I would finally like to thank the Mayor, Council and staff for the time and effort that went in to 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