



**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: June 12, 2023

**SUBJECT: BUDGET MESSAGE FOR THE TOWN OF FLETCHER FOR
FISCAL YEAR 2023/2024**

BUDGET MESSAGE

Overview:

Presented here for your consideration is the adopted budget for the Town of Fletcher for Fiscal Year 2023-2024. Revenues and expenses for the new budget are expected to total \$9,437,334. This represents a moderate increase from the prior year budget of \$8,651,437. The increase in this spending plan is occurring primarily through an increase in projected sales tax and property tax revenues. The proposed tax rate will be \$.28 per \$100 of assessed valuation, which is a six cent decrease from the prior year rate of \$.34. The revenue neutral tax rate is calculated at \$.277.

This new budget also includes revaluation of property values. Henderson County typically performs this process every four years. The purpose of revaluation is to adjust property values as close to market value as possible. This has historically meant larger increases in values for property owners in the Fletcher area as we are in a high growth location where demand drives up prices. As a result, Fletcher experienced an overall increase in property values of 43% this past year.

Despite a significant decrease in the tax rate due to revaluation, Town provided services will remain at their current levels as compared to the prior year. What continues to change though is the volume of activity with the growth that is occurring here. This has a particular impact on solid waste services, police response, and use of park facilities. Fortunately, growth from revenue sources such as sales tax and property taxes are meeting that need without necessitating a net increase in the tax rate.

In terms of personnel spending decisions for this budget, some new part-time positions will be added in the Police Department to assist with the evidence room and training needs. Our Parks and Recreation Department will also be adding some additional seasonal positions for the middle school component of the summer day camp program. All other full-time, part-time, and seasonal positions in other departments will remain at their current staffing levels.

The personnel budget for this fiscal year will also include a 4% cost of living adjustment and continued implementation of our merit pay system for eligible employees. A pay and classification study will also be included to ensure that

positions are properly classified and employees are being compensated at market rates.

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, the Police Department will be purchasing a body worn camera and an in-car camera system that will be fully integrated for better operations and oversight of the department. Other capital items will be detailed later in this document.

FY 23/24 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 include a downward adjustment of our tax rate due to increases in values from revaluation.
- 2) Continue to dedicate up to 8.5 cents of the tax levy toward year three of the Five-Year Capital Improvement Plan. This will be adjusted down to 7 cents of the rate due to the impact of revaluation.
- 3) Continue to work to finalize the traffic mitigation improvements required for the Town Center project and reengage our former developer partner or a new one to move forward with the plan.

General Fund Revenues:

Total revenues for the FY 23-24 budget will see a moderate level of growth. Property taxes make up the largest portion of our general fund revenues. This is still the case this year but what has happened is we are seeing a net decrease in machinery and equipment with Continental leaving Broad Pointe Industrial Park. 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 \$4,906,359. This is compounded by the recommended lowering of the tax rate to \$.28 to reduce the impact of revaluation on taxpayers.

The projected tax levy for this budget will be based off of a total property valuation of \$1,769,970,000. For comparison purposes, the prior year budgeted valuation was \$1,416,605,000.

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 17% increase in sales tax revenues. This should bring total receipts as compared to the previous year up from \$2,205,777 to \$2,570,454.

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 \$704,000 to \$741,771.

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 five 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 are projected to exceed \$290,000 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 typically funds an annual capital budget with \$.085 of the tax levy. However, this year the CIP will be funded with \$.07 of the tax levy due to revaluation. From that total, \$.05 will be applied to debt service on projects supported by loans. The remaining \$.02 of the tax levy will be applied to new projects paid for with cash. Total revenues available for the CIP this year are estimated to be \$1,226,589.

Debt Service Commitments in CIP:

Debt is projected to be issued for four 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	\$541,718
Town Center Property on Hwy. 25	\$164,988
Garbage Truck	\$102,734
Copier Lease Payments	\$ 11,896
Total Debt Service Requirements	\$821,336

Non-Debt Service Projects:

Projects recommended for funding with cash are as follows:

Police Car Rotation (3 patrol vehicles)	\$137,000
PW – Utility Tractor with Attachments	\$ 95,000
Parks & Recreation Maintenance Truck	\$ 40,000
Total Cash Project Requirements	\$272,000

Surplus for Contingency ***\$133,253***

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. 10¢ of the tax rate is proposed for Fletcher Fire & Rescue. 10¢ 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	\$1,733,034
Mills River Fire & Rescue	\$ 20,465

Departmental Capital Expenditures:

Police Department – The funding authorized here supports the purchase of three new vehicles for the fleet rotation schedule at \$137,000. This is budgeted within the CIP.

The Police Department's operating budget will also receive \$234,625 for the purchase of an integrated body worn camera and in-car camera system.

Public Works – Public Works will receive funding in the amount of \$90,000. This is for a dump bed insert at \$15,000, a utility terrain vehicle at \$15,000, and Town Hall security upgrades at \$60,000.

Parks & Recreation – This department will be purchasing a new utility terrain vehicle at an estimated cost of \$16,000. This replaces a golf cart and will be used for maintenance at Bill Moore Community Park. This department will also be replacing one of their mowers at an estimated cost of \$16,000.

Information Technology – The IT Department will receive funding in the amount of \$8,600 for Microsoft security cloud services, \$28,000 for a new server for Town Hall, \$50,000 for new network switches for Town Hall, and \$10,300 for agenda and meeting management software purchase.

Personnel:

Two new part-time positions are recommended in the Police Department to assist with managing the evidence room and ongoing training needs. The Parks & Recreation Department will be adding two additional seasonal positions for a middle school component of the summer day camp program. No other new full-time or part-time positions are being added this year in any other departments.

In terms of compensation to employees, there will be a 4% cost of living adjustment (COLA) this year due to the Consumer Price Index increasing significantly. The COLA will be distributed equally among all full-time employees. Merit pay adjustments are also budgeted for those employees who qualify through the performance review system. Finally, the Town will also be doing a pay and classification study to ensure that positions are properly classified and compensated within this market.

SUMMARY

This budget message provides a brief overview of the financial plan for the Town of Fletcher for Fiscal Year 2023-2024. 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 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 will be working toward resolving traffic improvement requirements that were a condition of the development. Funding is included in this budget to re-engage our former developer to continue implementation or engage a new partner to move forward.

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