**Town of Haw River**

**Town Council Special Called Meeting**

**Tuesday, May 26, 2015**

The Town Council of the Town of Haw River held a Special Meeting of the Town Council on Tuesday, May 26, 2015 in the Haw River Municipal Building at 6:30 pm.

Council Members Present: Mayor Buddy Boggs, Lee Lovette, Kelly Allen

Council Members Absent: Ashley Warren, Jeff Fogleman

Also Present: Manager Jeff Earp, Clerk Melanie Hamilton

Mayor Boggs called the meeting to order at 6:30 pm.

Manager Earp presented the Council with the following 2015-2016 Budget Message and proposed budget.

On behalf of the Town of Haw River staff, I am pleased to present to you the fiscal plan for FY 2015-2016. The budget is in balance and has been prepared in accordance with the guidelines set forth in the Local Government Budget and Fiscal Control Act (N.C.G.S. Chapter 159, Article III). The 2015-16 operating budget totals $3,532,343 and the capital project budget totals $1,025,325, for a total proposed 2015-16 budget of $4,557,668. This proposed budget continues the Town’s commitment to meet the public’s needs for quality, cost efficient government services. A public hearing of the FY 2015-16 Budget has been scheduled at the Council’s regular meeting on June 1, 2015 at 7:00 p.m. A copy of this budget document will be placed on file with the Town Clerk and will be available for public inspection during normal business hours from now until the June 1, 2015 public hearing. Balancing this budget has been a very long and arduous task which has resulted in a document which continues to meet the Towns’ basic needs in the critical service areas. The budget does not, however, provide all of the funds necessary for the capital needs within the Town of Haw River. The staff and I look forward to working with each of you to implement this budget and to continue our service to the fine citizens of Town of Haw River.

We have been confronted with challenges next fiscal year that will impact the way we do the business of the Town. To combat these challenges we have reduced operating cost within our control, eliminated many capital purchases, eliminated existing positions and delayed some facility upgrades. While we will be able to survive those cuts, we now find ourselves facing a major need to increase funding to address these needs in the next few years.

The Town’s General Fund Budget addresses revenue loss for the Town attributed to State Legislation to eliminate privilege license fees which brought in approximately $20,000.00 in this fiscal year. The general fund budget also relies on fund balance to create a balanced budget for the second year in a row. In the short term this will have minimal effect on the town’s finances, but this is not a trend we can sustain long term. The Town is also experiencing stable Ad valorem tax collections by the county and DMV which has increased the overall collection rate and resulted in increased revenues of real property and vehicle taxes annually. A continued challenge this year was major medical insurance coverage for employees and retirees. The Town had a 13% increase in premiums, which equated to an increase of approximately $19,313.00 annually. The Town also had a 33% premium increase in Worker’s Compensation insurance cost, which equated to an increase of approximately $11,000.00 annually. The General fund also had to incur increases in service cost where the Town depends on other third party entities to provide services such as Burlington for Animal Control and Shelter services, Harris Computer Systems our financial software provider and support and Alamance County 911 that provides dispatch services for town. All total those cost increased approximately $7,000.00.

The Water and Sewer revenues have been greatly impacted because of the loss of Green Level sewer service sales. The loss of revenue was approximately $175,000. The Water and Sewer revenues have also been greatly impacted because of inflow and infiltration into our system due to the rain and snow received over the last year. We have budgeted for a 25% inflow and infiltration rate in the 15-16 budget. The Water and Sewer Budget reflects a 3% increase in rates which is a result of Burlington increasing their rate to us. In order to adjust the Water and Sewer budget for the loss of Green Level, we have had to recommend a staff reduction of one position in that fund.

In regards to the Powell Bill fund we are projecting no increase in revenues, and expenditures are remaining constant as we prepare to address street and sidewalk needs.

The Stormwater fund remains the same and we are preparing to begin the post construction work to comply with the Jordan Lake rules in 2017.

This budget recommends that the tax rate remain steady at $.48/$100 valuation. The loss of revenue is reflected in the lack of funding for capital purchases and capital projects. While there is a recommendation for staff reduction, this budget has no recommendation for salary increases for the Town staff.

The department heads did an excellent job in preparing their budget recommendations and prioritizing items and issues that were important to their departments. As you will note some of their recommendations were funded and others were not able to be funded at this time.

This budget was prepared based on citizen requests and objectives for the town, council’s objectives, and department head objectives have been taken into consideration as well. I am indebted to the employees and council members who sent me their suggestions on budget efficiencies. As your Manager, I am committed to sustaining the important financial reforms that have restored the stability and credibility of our town. Whatever circumstances we face, be assured that I will lead this Town in a fiscally responsible way and keep my pact with the citizens and Council to put their interests before all others.

I present this document, the Towns Proposed Budget for Fiscal Year 2015-2016, in the strong belief that it provides the surest path to overcoming the Town’s financial challenges, and that it respects both the interests of the taxpayers and our responsibility to future generations.

With the adoption of the 2015-2016 budget, the Town will accomplish these important goals:

1. Safeguard our essential core services, including police and fire, streets and water & sewer;
2. Reduce risk to the taxpayers by repairing the town’s assets;
3. Close a projected General Fund budget deficit without cutting services or reducing services at our Recreation and Parks Facilities;
4. Recognize that economic cycles cannot halt our progress, by planning for our future;

It is my intent that this budget will accomplish these goals despite our increasing financial obligations and state legislation that has lowered revenue growth. To do so, however, we have had to make tough choices, especially when deciding how to reduce the ever-widening portion of our budget that is devoted to compensation, benefits, and retirement costs. It will also mean exploring new options and ways to accomplish our tasks at hand.

This proposed budget by no means meets all of the “wants and needs” of the parties involved, but I feel the immediate needs of the Town are efficiently met.

**Budget Overview**

The total projected operating budget is $3,532,353, which is approximately a 10% decrease over our current operating budget ($3,915,810), and consists of: General Fund - $2,010,593 (<1% more than the current $2,013,540); Water and Sewer - $1,435,750 (21% less than the current $1,816,270); Powell Bill fund $63,500 (the same as the current $63,500). Storm Water fund $22,500 (the same as the current $22,500).

This budget includes the following debt service expenditures:

Fire Department Truck payment $ 47,574

Police Cars $ 18,376

Pump Station Replacement Bonds $ 33,500

The total Water-Sewer Fund Budget reflects a 3% increase in rates from Burlington that is passed on in our rates.

I am proud of the job that has been done within the Town’s Departments to maintain costs and prioritize expenditures in the 2015-2016 Budget.

**Key Points**

The key points to keep in mind as you review the proposed budget are:

1. 2015-2016 Tax Levy: In this year’s proposed budget, the property tax base decreased slightly. I am recommending that the tax rate remain the same at 48 cents per $100 evaluation. Total property tax revenue is estimated at approximately $703,935.
2. The General Fund Revenue Sources: The General Fund receives revenue from a number of sources, some are restricted, some are non-restricted, some are local tax dollars, and some are not.
3. Local Revenues in the General Fund Budget: The Budget Message provides an overview of the budget. A full review of the comprehensive budget will provide answers as to where the discretionary portions of the General Fund budget are allotted.
4. What a Penny is Worth: Each penny on the tax rate will generate approximately $14,665.00 in General Fund revenue.
5. Garbage and Recycling fee: The fee is recommended to stay the same at $9.50 per household.
6. Storm water Fee: The budget calls for the storm water fee to stay the same at $2 a month assessment.

##### **Budget Overview Chart**

This budget moderately decreases spending levels above the funding level of last year. See comparison below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | **Approved**  **2012-2013**  **Budget** | Approved **2013-2014 Budget** | **Approved**  **2014-2015**  **Budget** | **Recommended**  **2015-2016**  **Budget** | | **GENERAL FUND** |  |  |  |  | | Governing Body | 16,050.00 | 15,750.00 | 15,950.00 | 15,550.00 | | Administration | 244,482.00 | 185,443.41 | 203,368.00 | 203,638.00 | | Public Buildings | 40,360.00 | 39,500.00 | 61,500.00 | 39,500.00 | | Police Department | 602,891.44 | 608,962.09 | 615,727.00 | 624,009.00 | | Fire Department | 336,085.00 | 343,479.61 | 337,794.00 | 344,874.00 | | Streets and Highways (PW) | 146,646.96 | 273,567.92 | 355,682.00 | 351,515.00 | | Sanitation | 146,500.00 | 152,700.00 | 105,500.00 | 105,500.00 | | Parks & Recreation | 202,182.64 | 161,369.02 | 163,474.00 | 165,425.00 | | Non-Departmental | 174,945.00 | 177,203.00 | 154,545.00 | 160,582.00 | | **GENERAL FUND TOTALS** | ***1,910,143.04*** | **1,957,975.05** | **2,013,540.00** | **2,010,593.00** | |  |  |  |  |  | | **POWELL BILL FUND** | ***146,500.00*** | **87,000.00** | **63,500.00** | **63,500.00** | |  |  |  |  |  | | WATER & SEWER FUND |  |  |  |  | | Administration | 176,903.40 | 153,462.91 | 187,913.00 | 181,256.00 | | Water Department | 723,566.00 | 668,129.80 | 731,279.00 | 724,013.00 | | Sewer Department | 754,248.00 | 912,537.31 | 897,078.00 | 530,481.00 | | **WATER & SEWER FUND TOTALS** | ***1,654,717.40*** | **1,734,130.02** | **1,816,270.00** | **1,435,750.00** | |  |  |  |  |  | | **STORMWATER FUND** | **22,000.00** | **22,000.00** | **22,500.00** | **22,500.00** | |  |  |  |  |  | | **TOTAL BUDGET** | ***3,733,390.44*** | **3,801,105.07** | **3,915,810.00** | **3,532,343.00** | |

**Revenues**

This budget recommends that the tax rate remains steady at 48 cents per $100 valuation. There is a fund balance appropriation of $49,048 in order to balance the general fund budget. This budget reflects an increase in sales tax revenues of approximately 3%.

The Water and Sewer fund reflects a 3% increase in water and sewer rates. The City of Burlington enacted a 3% increase on their municipal water and sewer customers, and we have no choice but to raise our rates accordingly. Even with the new rates, the minimum monthly bill remains reasonable, moving from $42.05 to $43.00. This is a $.95 increase per month.

The following tables outline projected revenues by fund and department. Also shown is a comparison with the previous year’s budget.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **REVENUES** |  |  |  |  |
|  | **Approved 2014-2015 Budget** | **Recommended 2015-2016 Budget** | **$ Difference** | **% Difference** |
| **GENERAL FUND** |  |  |  |  |
| Current & Prior Years Ad Valorem | 692,000.00 | 698,000.00 | 6,000.00 | 0.87% |
| Current & Prior Years Fire Taxes | 275,250.00 | 275,250.00 | - | 0.00% |
| Local Option Sales Tax | 388,000.00 | 411,000.00 | 23,000.00 | 5.93% |
| Interest on Investments | 1,225.00 | 525.00 | (700.00) | -57.14% |
| User Fees | 117,800.00 | 119,600.00 | 1,800.00 | 1.53% |
| State Funds | 219,450.00 | 239,450.00 | 20,000.00 | 9.11% |
| Miscellaneous | 37,315.00 | 17,720.00 | (19,595.00) | -52.51% |
| Administrative Grant | 200,000.00 | 200,000.00 | - | 0.00% |
| Fund Balance | 82,500.00 | 49,048.00 | (33,452.00) | -40.55% |
| **GENERAL FUND TOTALS** | **2,013,540.00** | **2,010,593.00** | **(2,947.00)** | -0.15% |
|  |  |  |  |  |
| **POWELL BILL FUND** | **63,500.00** | **63,500.00** | **-** | 0.00% |
|  |  |  |  |  |
| **WATER & SEWER FUND** |  |  |  |  |
| Water Sales | 897,520.00 | 915,000.00 | 17,480.00 | 1.95% |
| Sewer Sales | 884,000.00 | 486,000.00 | (398,000.00) | -45.02% |
| Tap & Connection Fees | 7,000.00 | 7,000.00 | - | 0.00% |
| Surcharges | 1,200.00 | 1,200.00 | - | 0.00% |
| Interest on Investments | 50.00 | 50.00 | - | 0.00% |
| Miscellaneous | 26,500.00 | 26,500.00 | - | 0.00% |
| **WATER & SEWER FUND TOTALS** | **1,816,270.00** | **1,435,750.00** | **(380,520.00)** | -20.95% |
|  |  |  |  |  |
| **STORMWATER FUND** | **22,500.00** | **22,500.00** | **-** | 0.00% |
|  |  |  |  |  |
| **TOTAL REVENUES** | **3,915,810.00** | **3,532,343.00** | **(383,467.00)** | -9.79% |

**Expenditures**

This budget holds the line on operational costs and has few capital purchases for equipment and technology upgrades that are needed. The expenditure budget does not include a cost of living increase for our employees.

The following tables outline projected expenditures by fund and department. Also shown is a comparison with the previous year’s budget.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **EXPENDITURES** |  |  |  |  |
|  |  |  |  |  |
|  | **Approved 2014-2015 Budget** | **Recommended 2015-2016 Budget** | **$ Difference** | **% Difference** |
| **GENERAL FUND** |  |  |  |  |
| Governing Body | 15,950.00 | 15,550.00 | (400.00) | -2.51% |
| Administration | 203,368.00 | 203,638.00 | 270.00 | 0.13% |
| Public Buildings | 61,500.00 | 39,500.00 | (22,000.00) | -35.77% |
| Police Department | 615,727.00 | 624,009.00 | 8,282.00 | 1.35% |
| Fire Department | 337,794.00 | 344,874.00 | 7,080.00 | 2.10% |
| Streets and Highways (PW) | 355,682.00 | 351,515.00 | (4,167.00) | -1.17% |
| Sanitation | 105,500.00 | 105,500.00 | - | 0.00% |
| Parks & Recreation | 163,474.00 | 165,425.00 | 1,951.00 | 1.19% |
| Non-Departmental | 154,545.00 | 160,582.00 | 6,037.00 | 3.91% |
| **GENERAL FUND TOTALS** | **2,013,540.00** | **2,010,593.00** | **(2,947.00)** | -0.15% |
|  |  |  |  |  |
| **POWELL BILL FUND** | **63,500.00** | **63,500.00** | **-** | 0.00% |
|  |  |  |  |  |
| **WATER & SEWER FUND** |  |  |  |  |
| Administration | 187,913.00 | 181,256.00 | (6,657.00) | -3.54% |
| Water Department | 731,279.00 | 724,013.00 | (7,266.00) | -0.99% |
| Sewer Department | 897,078.00 | 530,481.00 | (366,597.00) | -40.87% |
| **WATER & SEWER FUND TOTALS** | **1,816,270.00** | **1,435,750.00** | **(380,520.00)** | -20.95% |
|  |  |  |  |  |
| **STORMWATER FUND** | **22,500.00** | **22,500.00** | **-** | 0.00% |
|  |  |  |  |  |
| **TOTAL EXPENDITURES** | **3,915,810.00** | **3,532,343.00** | **(383,467.00)** | -9.79% |

The recommended budget presents a reasonable plan for meeting the stated objectives.

The Department Heads and staff have worked hard to develop this recommendation. It has not been without loss or regrets at times, as some requests had to be cut in order to make room for others. It is fair to say that we can work within the recommended budget. I look forward to working with the Town of Haw River Council as you consider my recommendation.

The proposed 2015-2016 Budget is available for review in Town Hall and the Public Hearing for the 2015-2016 is scheduled for Monday, June 1, 2015 at 7:00pm in Town Hall. Public comment is welcome and encouraged.

6:57 pm

There being no other business, Councilmember Allen made a motion to adjourn. Motion carried 3-0.

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Buddy E. Boggs, Mayor Melanie R. Hamilton, Clerk