Town of Fletcher
Town Council Budget Workshop Meeting
Minutes
May 9, 2024

Call the meeting to order at: 9:00 AM

Those who were in attendance are as follows:
Mayor Preston Blakely
Councilmember Trevor Lance
Councilmember Jim Player
Councilmember Keith Reed
Town Manager Mark Biberdorf
Assistant Town Manager Heather Taylor

Mayor Pro-Tem Sheila Franklin did not attend this meeting.

Discussion Items
(See attached PowerPoint/documentation)

Overview of Proposed FY 2024-2025 Budget

Overall Economic Outlook for FY 2024-2025

Local Economic Factors

Revenue Outlook

Budget Requests

Departmental Budget Highlights

Presentation of CIP (Capital Improvement Plan) projects

Presentation of General Fund Revenues

Adjourn

Mayor Blakely asked for a motion to adjourn

Councilmember Trevor Lance motioned to adjourn, and it was seconded by Councilmember Jim Player.

Motion all in favor.

Adjourned at: 10:56 AM

Approved.

Date

Signed

FY 2024-2025 Budget Retreat

TOWN OF FLETCHER, NORTH CAROLINA
SETTLED 1795
Pride in our Past ~ Faith in our Future

Overview of Proposed FY 2024-2025 Budget

- Balanced budget presented totaling $9,720,340 in revenues and expenses.
- This is a $283,006 increase from the FY 2023-2024 budget.
- The proposed tax rate will remain at $.28 per $100 of assessed valuation.
- 18 cents of the 28 cent tax rate supports services directly provided by the Town.
- The remaining 10 cents of the tax rate goes to contracted fire protection services with Fletcher Fire & Rescue and Mills River Fire & Rescue.

Overview of FY 2024-2025 Budget – contd.

- Most increases in this budget are for personnel related expenses and equipment.
- Funding included to implement recommendations of the recently completed pay & classification study.
- 8.8% increase in health insurance cost and 6.49% increase in dental insurance premiums.
- Increase in residential recycling costs of 4.5% due to CPI provision within existing contract.
- Consultant costs for retail analysis to support Town Center project and other retail opportunities.
- Engineering analysis of Town Center property to better prepare for marketing and development of the site.

Overall Economic Outlook For FY 2024-2025

- Projected GDP growth in the national economy of 2.2% for 2024. This is a higher projection compared to last year (1.6%).
- Inflation remains high despite multiple increases in interest rates as determined by the Federal Reserve.
- Expect some decrease in interest rates in 2024 and/or 2025 but likely not a sharp decline.
- NC's economic outlook points toward minor growth, with GDP for NC expected to grow by 2.5%.
- Construction sector employment (mostly housing starts) continue to be main drivers for the growth.

Local Economic Factors

- Residential growth occurring – The Authors and Heritage Park subdivisions on Rutledge Road (152 single-family home units); BSC Holdings for a 311 unit development should see site improvements this summer.
- Commercial/Industrial growth has been moderate –Tageos in the former Continental site along with some other industries in that location.
- Retail sales expected to be slower for the state and locally.

Revenue Outlook

- Ad Valorem values projected to increase from $1,769,970,000 to $1,846,924,000.
- Largest portion of increase is from Business Personal property values (machinery and equipment).
- Last year it was a large increase in Real Property values due to County revaluation.
- Individual Personal Property values projected to decrease by 6%.
- Motor Vehicle values to decrease by 3%.

Revenue Outlook (contd.)

- 4% increase (additional $205,556) in real and personal property taxes.
- Large increase (additional $185,000) in Interest on Investments due to fund balance and interest rates being up.
- 38% increase (additional $300) in Powell Bill Interest.
- 1% increase (additional $8,334) in Utility Sales Tax.

Revenue Outlook (contd.)

- 10% increase (additional $22,000) in Powell Bill revenues.
- 6% increase (additional $7,000) in Recreational Activities revenues.
- 3% increase (additional $10,000) in ABC Distribution revenues.
- 86% increase (additional $3,000) in Memorial Golf Tournament revenues.
- 5% increase (additional $11,234) in Appropriated Fund Balance to balance the budget.

Revenue Outlook (contd.)

- 6% decrease (drop of $1,900) in Beer & Wine Tax.
- 4% decrease (drop of $1,738) in Cable Franchise revenues.
- 4% decrease (drop of $114,455) in Sales Tax revenues. $2,570,454 to $2,455,999.
- 19% decrease (drop of $2,900) in ABC Law Enforcement revenues.
- 1% decrease (drop of $35) in Tipping Fee Tax.

Budget Requests

- Budget requests initially came in $353,000 above the prior year budget.
- Funding to implement recommendations of pay & classification study.
- Funding for retail analysis and recruitment to support Town Center project.
- Preliminary engineering analysis of Town Center site with McGill Associates.

Budget Requests (Contd.)

- Increase in costs for stormwater management as program costs better understood.
- Specialized forensic training for staff member in the Police Detective Unit.
- Ballistic shields for patrol units in the Police Department.
- Software and hardware upgrades to improve the security of IT services.

Budget Requests (Contd.)

- Increase in household fee for recycling services with Curbside Management.
- Purchase of trash receptacles for replacement of old ones and growth in number of households.
- Expense requests funded within tax rate of 28 cents.
- Reductions or additions in some line items were made by the Manager.

Departmental Budget Highlights

Governing Body

- Small increase in overall funding for this department going from $54,634 to $56,914.
- Increase in Salaries line item for 3% COLA going from $41,904 to $43,160.
- Increase in FICA line from $3,378 to $3,475.
- Increase in Travel & Training from $3,500 to $4,000 for additional training and food for meetings.
- Increase in Department Supplies from $1,700 to $2,000 due to increased costs.

Administration

- Moderate increase in total departmental appropriations from $688,817 to $767,700.
- Largest increase is in Salaries from $483,965 to $538,875 for implementation of pay & classification study.
- Moderate increases for our fringe benefit line items.
- Small increase in Dues & Subscriptions from $2,100 to $2,500 due to increase in monthly fees for LexisNexis.
- Slight increase in Motor Vehicle Expense from $13,800 to $14,000 due to cost for collection of motor vehicle taxes.

Professional Services

- Moderate increase in departmental budget from $198,022 to $266,495.
- This is due to primarily to the cost of consultant fees under the Town Center line.
- Small increase in Public Accountant line from $17,500 to $18,025.
- Economic Development line increased from from $66,380 to $67,000 due primarily to potential incentive payout to Tageos.
- Apple Country Transit increased from $13,142 to $21,470 for match request from County.
- Elections line zeroed out.

Planning Department

- Moderate decrease in total appropriations going from $253,157 to $205,240.
- No grant project for this year biggest reason for decrease.
- Slight adjustments to salary and fringe benefit lines due to pay & classification.
- Increase in Stormwater Program line from $28,000 to $32,000 due to revised estimate for consultant assistance.
- Most other line items remained level with exception of Liability Insurance and Workers Compensation.

Town Facilities

- A slight increase in total departmental appropriations from $151,419 to $156,094.
- Utilites line increased from $64,750 to $67,750 due to increase in electricity rates.
- Advertisements line decreased from $2,600 to $1,400 based upon usage.
- Contracted Services decreased from $20,000 to $19,700 due to slightly less expense anticipated.
- M&R Equipment line decreased from $2,000 to $1,000 due to anticipated usage.

Police Department

- A slight decrease in the overall budget going from $2,301,954 to $2,269,414.
- Most of the prior year increase due to body worn camera and in-car camera purchase ($235,000).
- Largest area of expense associated with adjustments to salary and fringe due to pay & classification study recommendations.
- Funding included for ballistic shields and forensic training.

Police Department contd.

- Overtime line increased from $17,000 to $18,000.
- Postage line decreased from $1,000 to $800 due to less use.
- Travel & Training line increased from $12,000 to $20,000 for forensic course.
- Fuel Expense decreased from $66,870 to $62,000 due to fewer officers.
- M&R Vehicle line increased from $30,000 to $33,000 due to increased costs.

Police Department contd.

- Department Supplies line increased from $29,000 to $39,000 for ballistic shields.
- Physicals/Drug line increased from $5,000 to $6,500 due to increased costs for screening tests and vaccines for new hires.
- Uniforms line decreased from $18,000 to $16,000 due to historical costs.

IT Department

- One Who Serves continues to provide high quality support at a cost effective price.
- Slight decrease in overall departmental budget from $319,450 to $271,220.
- This is mostly due to less in total capital project requests as compared to last year and moving some of that expense to CIP.
- Several decision packages recommended including: Improved Security and Backup Services and a Workstation Replacement Project.

IT Department contd.

- Increase in Contract services line from \$106,200 to \$116,100 due to enhanced security monitoring and incident response.
- Telephone line increased from \$47,500 to \$50,050 due to added high speed internet connection and switch in phone providers.
- Dues line increases from \$13,720 to \$18,700 due to security & backup services.
- Subscriptions line decreases from \$69,030 to \$68,950 for software licensing costs.

Contracted Services – Fletcher Fire & Rescue

- Fletcher Fire & Rescue (FF&R) will receive what the tax levy produces on 10 cents of the Town's 28 cent tax rate this year.
- Total appropriations for FF&R will increase from $1,733,034 to $1,801,836.
- Also budget $24,000 for potential prior year adjustments.

Contracted Services – Mills River Fire & Rescue

- Mills River Fire & Rescue's portion of the tax rate will be 10 cents this year.
- Total appropriations for Mills River will increase from $20,465 to $26,888.

Public Works

- Moderate increase in total departmental appropriations from $1,480,639 to $1,579,443.
- Purchase of new trash cans due to additional households and replacement of worn out cans ($47,000).
- Conversion of lighting at Town Hall to LED lighting moved to CIP ($23,000).
- Recycling costs increase due to CPI contract provision; increase from $4.20/month $4.39/month ($11,000).

Public Works contd.

- Salaries line sees increase for pay & classification study recommendations.
- Fringe benefit line items increased for adjustments due to pay & classification study.
- Increase in M&R Town Facilities from $95,000 to $105,000 due to cost of items and services.
- M&R Vehicles increased from $38,000 to $44,000 due to rising cost of parts.
- Department Supplies increased from $8,000 to $55,000 due to purchase of garbage cans.

Public Works contd.

- Landfill Charges increased from $123,000 to $139,000 due to volume increases, new households, and increase in tipping fee.
- Recycling line increased from $153,000 to $164,000 due to household fee increase.
- Disposal Fees increased from $10,000 to $20,000 due to different site needed for disposal.
- Equipment Rental increased from $6,000 to $7,000 due to inflation in rental fees.

Public Works – Powell Bill

- Increase in funding for Powell Bill revenues from $215,000 to $237,000.
- $237,000 budgeted on the revenue and expense side.
- This is primarily used for re-surfacing of streets.

Parks & Recreation

- Slight increase in overall departmental appropriation from $770,154 to $778,178.
- Increases Part-Time Salary line to cover increases in pay to remain competitive with temporary and permanent positions.
- Did not recommend additional full-time maintenance position with greenway extension not yet fully funded.
- No new capital requests this year.

Parks & Recreation contd.

- Salary & fringe lines increased for pay & classification study recommendations.
- Part-Time Salary increased from $100,000 to $105,000 due to increases in hourly wages.
- Increase in Utilities line from $33,000 to $36,000 due to Duke Power rate increase.
- Summer Day Camp increased from $32,500 to $35,000 due to Middle School program.
- M&R Vehicles expense increased from $5,000 to $5,500 with older vehicles.

Parks & Recreation contd.

- Golf Tournament Expenses increased from $5,000 to $5,200 with increased fees.
- Physicals/Drug line increased from $900 to $1,000 due to new employees.
- M&R Equipment increased from $8,000 to $9,000 due to increased maintenance costs.
- Park Maintenance increased from $53,000 to $55,000 for general maintenance costs for both parks.

Conclusion of Operating Budget

- Presentation of CIP Budget next.
- Will prepare a more condensed presentation with some graphs and charts at the June 10 Public Hearing.

CIP – Debt Service

- 1) Town Hall Improvements Project; 2) Highway 25 Land Acquisition; 3) Garbage Truck; 4) Copier Lease Payments; and 5) Subscriptions Payments.
- Debt service for the Town Hall - $326,256; Debt service for the Hwy. 25 Land Acquisition project - $161,076; Debt service for the Garbage Truck - $102,734; Debt service for Copier Lease - $12,091; and Subscription Payments - $15,444.
- Surplus debt service available is $296,626.

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CIP – Non-Debt Service or Pay As You Go Projects

- Police Vehicles (3) Patrol Cars - $155,000.
- Public Works Automated Brush Truck - $225,000.
- Computer Workstation Replacement Project - $25,500.
- Lighting Conversion at Town Hall - $23,000.
- Recommend portion of debt service surplus to cover the deficit on the cash project side.

General Fund Revenues

Revenue Source		FY 23-24		FY 24-25		Inc./decr	% Incr.
Current Taxes	$	4,637,301	$	4,842,857	$	205,556	4%
Motor Vehicle	$	269,058	$	276,818	$	7,760	3%
2022 Taxes & Prior Years	$	10,000	$	10,000	$	-	0%
Tax Interest	$	8,000	$	8,000	$	-	0%
Tax Advertising	$	1,000	$	1,000	$	-	0%
Interest on Investments	$	120,000	$	305,000	$	185,000	154%
Powell Bill Interest	$	800	$	1,100	$	300	38%
Misc. Revenue	$	10,000	$	10,000	$	-	0%
Utilities Sales Tax	$	741,771	$	750,105	$	8,334	1%
Beer & Wine Tax	$	33,900	$	32,000	$	(1,900)	-6%
Cable Franchise	$	47,505	$	45,767	$	(1,738)	-4%
Powell Bill	$	215,000	$	237,000	$	22,000	10%
Local Sales Tax	$	2,570,454	$	2,455,999	$	(114,455)	-4%
Recreational Activities	$	108,000	$	115,000	$	7,000	6%
Business Registration Fee	$	7,800	$	7,900	$	100	1%
Land Use Permits	$	7,000	$	7,000	$	-	0%
ABC Law Enforcement	$	15,000	$	12,100	$	(2,900)	-19%
Sale of Fixed Assets	$	20,000	$	20,000	$	-	0%
Grant Funding	$	56,000	$	-	$	(56,000)	-100%
Lease Revenue	$	10,000	$	10,000	$	-	0%
Tipping Fee Tax	$	6,535	$	6,500	$	(35)	-1%
Concession Stand	$	2,250	$	2,250	$	-	0%
ABC Distribution	$	290,000	$	300,000	$	10,000	3%
Police Revenue	$	2,500	$	2,500	$	-	0%
Memorial Golf Tournament	$	3,500	$	6,500	$	3,000	86%
Community Park Dvlpmnt. Fund	$	1,000	$	750	$	(250)	-25%
Appropriated Fund Balance	$	242,960	$	254,194	$	11,234	5%
Total General Fund Revenues	**$**	**9,437,334**	**$**	**9,720,340**	**$**	**283,006**	3%