



# FISCAL YEAR 2017-2018 ANNUAL OPERATING BUDGET

## *BUDGET MESSAGE (5/8/17)*

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Dear Mayor, Mayor Pro Tem and Board of Commissioners,

I am pleased to submit the Town of Pittsboro's initial recommended Fiscal Year (FY) 2017-2018 Annual Operating Budget. The budget is prepared in accordance with the North Carolina Local Government and Budget Fiscal Control Act.

This proposed document does not represent the final approved budget. Before adoption, I anticipate your valued direction and input as we seek to continuously improve our level of services to Pittsboro residents and visitors. As a result, some of the narrative and numbers in this document may change before you approve the FY 2017-2018 Annual Budget.

The purpose of this Budget Message is to provide a brief overview FY 2017-2018 Annual Budget. I will provide additional cover memorandum as things evolve.

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### GENERAL FUND

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The General Fund for FY 2017-2018 is proposed for \$4,455,373. Based on the amount budgeted for FY 2016-2017, this amount is slightly lower (-2.4%) in the current budget due to the Town's use of loan proceeds to purchase vehicles and other capital items.

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### GENERAL FUND REVENUE

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#### PROPERTY TAXES

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The FY 2017-2018 budget uses the same rate as the FY 2016-2017 budgeted rate of \$0.4333 per \$100.00 assessed value. One cent will raise approximately \$53,567 in real and personal property taxes. This rate currently requires a \$6,640 transfer from General Fund Balance.

This year's revaluation reintroduces the "revenue neutral rate" which the North Carolina General Statute (G.S.) 159-11(e) defines as the "rate that is estimated to produce revenue for the next fiscal year equal to the revenue that would have been produced for the next fiscal year if no revaluation occurred." G.S. 159-11 (e) requires the revenue neutral rate to be published. The revenue neutral tax rate is \$0.4017.

GENERAL FUND PERMITS AND FEES

The following fees have been increased to recoup the cost of the time spent for each item for FY 2017-2018:

<b>FY 2017-2018 Planning Fee Modifications</b>		
	Current Fee (FY 16-17)	Suggested Fee (FY 17-18)
Zoning Compliance Certificate	\$52.00	\$75.00
Zoning Conformity/Compliance	\$26.00	\$50.00
Rezoning	\$360.00	\$450.00
Special Use Permit	\$360.00	\$400.00
Conditional Use District Rezoning	\$360.00	\$450.00
Land Use Plan Amendment	\$360.00	\$450.00
Zone Text Amendment	\$390.00	\$400.00
Home Occupation	\$26.00	\$50.00
Commercial Site Plan Review	\$310.00 & \$440.00	\$440.00 up to One (1) Acre \$440.00+25.00 over One (1) Acre
Flood Plain without Building Permit	\$16.00	\$25.00
Exempt Plat Review (NEW)	\$0.00	\$50.00
Recombination Plat Review (NEW)	\$0.00	\$50.00

Community House – We propose increasing fees for the first time in at least five (5) years:

<b>FY 2017-2018 Community Building/House Fee Modifications</b>		
	Current Fee (FY 16-17)	Suggested Fee (FY 17-18)
Base Rate	\$65 per use per day plus \$20/hour	\$70 per use per day plus \$25/hour
Ten or More Days Per Year	\$45 per day plus \$15/hour	\$50 per day plus \$20/hour
Deposit	\$75	\$75

GENERAL FUND EXPENDITURES

At this juncture, General Fund Expenditures have decreased slightly when compared to FY 2016-2017 due to estimated savings in new and revised health benefits coverage. Highlights for FY 2017-2018 in no particular order:

- Salary and Wage Adjustments: Employees are currently budgeted for a 2.5% increase. Pay adjustments are also estimated for employees who are currently below their pay scale.

- Health Insurance: Town employees will be covered through the North Carolina League of Municipalities (Health Benefits Trust). There will be a slight increase to prescription co-pays, which may be offset by the addition of optical insurance. This change from the previous carrier results in a savings of \$66,051 when compared to FY 2016-2017. In FY 2017-2018, the previous carrier quoted a 10% increase in premiums - an additional \$36,000 over the new vendor. If the Town had assumed these costs, it would be paying a \$102,051 increase to provide the same level of benefit to Town employees.
- Fire: The Pittsboro Fire Department requests a 13% (\$73,042) increase to their FY 2016-2017 allocation due to their continuing transition from a volunteer driven service, in addition to other capital purchases (turn-out gear, computer server and new door locks at the Pittsboro Station).
- Engineering: Additional \$30,000 to assist with plan review and development.
- Main Street: The Main St program has requested a total of \$50,000 to add branding, marketing, website development. They are also proposing an additional festival. Façade Improvement is a separate line-item request and kept at \$15,000. You might consider expanding the use of façade monies to include improvements to the backs and sides of buildings – or reduce the \$15,000 allocation, with the assumption that this amount has rarely been completely spent.
- Capital Equipment: The Streets and Utilities Dept. is improving leaf collection by adding a new leaf vacuum (\$35,425) and a leaf box (\$6,000). Town Hall will need a replacement generator (\$10,000).
- Powell Bill: \$164,000 is budgeted to improve North Masonic (to Thompson St), South Fayetteville (Fire Dept to West St), Chatham St. (from West Fayetteville), Rectory St (Creekside intersection to Salisbury St.), Chatham St. (from Small to Masonic), and Industrial Dr. This list of streets may be modified depending on bid prices.

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#### ENTERPRISE FUND

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Enterprise Fund Balance will return \$21,455 to the Enterprise Fund Balance. This continues the positive direction that the Enterprise Fund has taken as the Town begins to reshape its wastewater treatment system in the upcoming years.

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#### ENTERPRISE FUND REVENUES

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The FY 2017-2018 Budget does not anticipate a rate increase. Staff notes a decrease in the amount of late fees collected and the number of service cut-offs as more people use the Town's online water/sewer bill payment system.

- Meter Fees: In order to recoup the cost of the meter as well as the Staff time involved with installing meters, we increased the fee for installing a ¾ inch meter from \$285/meter to

\$385/meter. New fee charges are added in FY 2017-2018 upon the installation of a 1 inch meter (\$500/meter) and 2" meter (\$2,000).

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#### ENTERPRISE FUND EXPENDITURES

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- Debt: \$192,297 is obligated for debt associated with the 1994 USDA Water/Sewer Bonds, a principal-only Stimulus loan for 2009 Wastewater Plant improvements and the final payment of the Hillsboro Street Transmission loan. In FY 2017-2018, the Town makes its first payment on the principal-only loan associated with the Wastewater Inflow and Infiltration (I&I) improvement project.
- Water Treatment Plant: \$30,000 for improvements to Basin 4 and 5, improvements to the raw water intake trough, repairs to the clarifier walkway, floor repairs as well as needed improvements to filter walls. They are also purchasing a new riding lawnmower for \$6,800.
- Administration: \$30,000 for Water Distribution System Asset Management Plan. \$25,000 for Davenport & Associates for assistance with utility system agreements. \$6,600 Water and Sewer Master Plan with Chatham County.
- Public Utility Maintenance: \$41,000 for a upsized utility tractor to assist with the maintenance of sewer easements. A permanent generator is needed at the Lowes Home Improvement liftstation (\$33,000).

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#### CLOSING

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As the FY 2016-2017 winds down, it is apparent that the local economy continues to recover from the economic downturn. Revenues are growing steadily in all funds – as well as many expenses. A significant portion of the Town's current and upcoming expenditures are related to professional and staff services associated with planning for commercial and residential growth.

I would also like to take the time to thank everyone associated with helping to assemble this information. Heather Meacham, Finance Director, bears the brunt of many of our questions and handles challenges extremely well. Likewise, Staff is adaptive, understanding and has increasingly been willing to find solutions.

Upcoming Board meetings will receive updated information and more detailed explanation of the FY 2017-2018 Budget. Until such time, please feel free to contact me with any questions or concerns.

Respectfully submitted,

Bryan Gruesbeck, ICMA-CM  
Town Manager