



**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 29, 2024

**SUBJECT: BUDGET MESSAGE FOR THE TOWN OF FLETCHER FOR
FISCAL YEAR 2024/2025**

BUDGET MESSAGE

Overview:

Presented here for your consideration is the recommended budget for the Town of Fletcher for Fiscal Year 2024-2025. Revenues and expenses for the new budget are expected to total \$9,729,525. This represents a slight increase from the prior year budget of \$9,437,334. Increases in this spending plan are occurring primarily through growth in projected property tax revenues. The proposed tax rate will be \$.28 per \$100 of assessed valuation, which is the same rate as the previous fiscal year.

Last year the Town of Fletcher along with other areas of Henderson County were part of a revaluation process. Revaluation attempts to adjust property values as close as possible to market value for taxing purposes. Even though the Town of Fletcher lowered its tax rate to a near revenue neutral rate some of our residents and property owners still experienced an increase in their property tax bills. By keeping the rate the same for this new budget year, property owners will not experience an increase in their Town tax bill. The only exception to this would be if their value was increased due to individual improvements made to their property this past year.

Despite the cost of providing services going up and the Town only experiencing moderate increases in revenues, services will remain at their current levels. What continues to change though is the growth that is occurring here. This has a particular impact on solid waste services, police response, and the use of park facilities. Fortunately, growth from revenue sources such property taxes and interest earnings on reserves are meeting that need without necessitating an increase in the tax rate.

In terms of personnel spending decisions for this budget, the Town is recommending implementation of the findings of a recent pay and classification study. The purpose of the pay and classification study is to help ensure that the Town is compensating its employees adequately within the market for comparable positions. Implementing the recommendations of the study will also help to ensure that the Town can retain and attract skilled employees to provide high quality services for our community. Being a service-oriented organization, our staff are our most valuable asset to the public that we serve.

The personnel budget for this fiscal year will include continued implementation of our merit pay system for eligible employees.

Multiple capital expense items are also included in this budget year. 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). Recommended capital items will be detailed later in this document.

FY 24/25 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 keeping our property tax rate the same.
- 2) Continue to dedicate up to 7 cents of the tax levy toward year four of the Five-Year Capital Improvement Plan.
- 3) Establish a strategy and marketing plan for attracting retail development to the Town Center area. This would also include further analysis of the Town Center property to determine full development capabilities.

General Fund Revenues:

Total revenues for the FY 24-25 budget will see a moderate level of growth. Property taxes make up the largest portion of our general fund revenues. This year business personal values (machinery and equipment) is showing the greatest area of growth. Other portions of the property tax base were relatively flat. The result is that our overall property tax levy for the new fiscal year only includes a moderate amount of growth at \$5,134,802.

The projected tax levy for this budget will be based off of a total property valuation of \$1,852,381,000. For comparison purposes, the prior year budgeted valuation was \$1,769,970,000.

The second largest source of revenue for the Town comes from sales tax and it is

impacted by consumer spending. Consumer spending wound up slowing down this past year due to high inflation and elevated interest rates. Sales tax receipts for the current fiscal year are likely not going to meet budget. This has caused us to actually *lower* our estimates for the new fiscal year meaning we will decrease anticipated sales tax receipts from \$2,570,454 to \$2,455,999.

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 \$741,771 to \$750,105.

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 six 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 hit \$300,000 for the new fiscal year.

General Fund Expenditures:

CIP:

This is the fourth year of implementation of the Town's five-year Capital Improvement Plan (CIP). This year the CIP will be funded with \$.07 of the tax levy. 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 \$1,283,700.

Debt Service Commitments in CIP:

Debt is projected to be issued for five 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	\$326,256
Town Center Property on Hwy. 25	\$161,076
Garbage Truck	\$102,734
Copier Lease Payments	\$ 12,091

Subscription Payments	<u>\$ 15,444</u>
Total Debt Service Requirements	\$617,601

Non-Debt Service Projects:

Projects recommended for funding with cash are as follows:

Police Car Rotation (3 patrol vehicles)	\$155,000
Automated Brush Truck (with grappler)	\$225,000
Computer Workstation Replacements	\$ 25,500
Lighting Conversion at Town Hall	<u>\$ 23,000</u>
Total Cash Project Requirements	\$428,500

Surplus for Future Projects \$237,599

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	\$1,807,239
Mills River Fire & Rescue	\$ 26,888

Departmental Capital Expenditures:

Police Department – The funding authorized here supports the purchase of three new vehicles for the fleet rotation schedule at \$155,000. This is budgeted within the CIP. The Police Department’s operating budget will also receive \$10,000 for the purchase of ballistic shields.

Public Works – Public Works will receive funding in the amount of \$225,000 in the

CIP for purchase of an automated brush truck. Funding in the amount of \$23,000 will also be included in the CIP for conversion to LED lighting at Town Hall.

Information Technology – The IT Department will receive funding in the amount of \$25,500 in the CIP for a workstation replacement project. IT will also receive \$34,120 for an improved security and backup services project that will be funded in their operating budget.

Personnel:

No new full-time or part-time positions are included in this budget. The Town will however address pay for hourly and salaried positions to make sure that we remain competitive within our market. This will include implementing the recommendations from our recently completed pay and classification study.

Merit pay adjustments are also budgeted for those employees who qualify through the performance review system.

SUMMARY

This budget message provides a brief overview of the financial plan for the Town of Fletcher for Fiscal Year 2024-2025. 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 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 with a consultant to identify retail opportunities that that will fit within our mixed-use district. Funding is also included in this budget to work with our engineering firm to better define the

opportunities and physical limitations of the property for development.

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