

BUDGET MESSAGE

The Honorable Bill Ellis, Mayor
Members of the Town Council
Town of Boiling Springs, North Carolina

06/30/2020

In compliance with the Local Government Budget and Fiscal Control Act and NCGS-159-11, the proposed Annual Budget for Fiscal Year 2020-21 is submitted for your consideration. This budget is inclusive of all financial obligations, all municipal services remain funded, and revenues and expenditures are projected realistically. The highlights of the proposed budget are as follows:

General Fund Revenues

Staff recommends maintaining the current ad valorem tax rate at \$0.39 per \$100 valuation. Although the Town is prospering and could utilize additional public investment funds for various efforts, our financial position is stable and we do not feel it appropriate to add additional financial obligations to our citizens in consideration of the COVID-19 Pandemic.

There is a proposed new rate for *commercial garbage outside*. No other solid waste increases are proposed. We will be able to continue providing the upmost in quality of services, and to continue offering yard waste services at no charge to Town residents.

We recommend raising the site plan review fee from \$50 to \$250 to fund the utilization of a Professional Engineer to conduct plan reviews in collaboration with Town staff.

General Fund Expenses

This year's budget funds a Cost-of-Living Adjustment (COLA) of 2% for all employees and a merit system awarding up to 2% increases in base salary for all employees. Management reviewed employee compensation and retention levels, and compared salaries with neighboring entities and State averages. Accordingly, this budget funds salary increases to boost employee retention, enhance recruitment efforts when competing with neighboring entities, and better align with State averages for all positions. Additionally, staff have worked through the COVID-19 Pandemic with great poise, attitude, and work ethic and a 2% Merit opportunity is beyond deserved.

This year's budget also funds additional allocations for planning, zoning, and code enforcement contracted services. There is a reduction in YMCA contributions. The purchase of a new trash truck, rebranding efforts, Town signage, and improvements to the Park shelter building have also been funded.

Powell Bill Fund

Powell Bill revenues are expected to decrease 20% per correspondence from the NC League of Municipalities. The budget funds repaving based on the Street CIP, small patching projects, and pedestrian projects. An additional \$122,000 is being allocated out of Powell Bill Reserve Funds to expedite the Street CIP efforts and complete additional paving in FY 20/21 that was scheduled for FY 21/22.

Water / Sewer Fund

Water and sewer rate increases are not recommended this cycle. The City of Shelby, from whom the Town purchases water, is not proposing an increase to their governmental rate. Water and sewer rates were unchanged from FY 14/15 to FY 17/18, but were increased in FY 18/19 and FY 19/20. The budget funds infrastructure maintenance and expansion recommendations per the 2018 Water/Sewer Capital Improvement Plan (CIP). The aforementioned increases have been effective in funding critical projects and creating reserve funds for future CIP improvements. There are proposed revisions to road bore fees from a set fee to an *at cost* fee and an increase to the Residential Meter Testing Fee to cover the Town's cost of shipping and having the meter tested.

The Town of Boiling Springs and the Town of Lattimore are working on a renewed Agreement for wastewater services. Under the new Agreement, the Town of Boiling Springs will charge the Town of Lattimore a *per customer rate* and a *per 1,000 gallons treatment rate*. Town of Lattimore residents will pay rates determined by their elected officials. The Town of Boiling Springs will continue to provide operational and maintenance services for the Town of Lattimore wastewater collection system and continue to treat the wastewater from the system.

Conclusion

Although the COVID-19 Pandemic presents unique challenges to our budgeting processes, the Town's healthy fund balance amounts and responsible allocation of funds have left us in a stable financial position. The General Fund has a total fund balance (Reserve) amount of \$1,664,322 and the Enterprise Fund has a fund balance (Reserve) of \$570,887. With a County-wide revaluation of property due for completion in 2021, new private development on the horizon, and the reopening of our economy, we feel confident that the FY 21/22 Budget can provide for additional improvements to infrastructure, public investment, and staffing to continue the Town's trajectory towards **respectful growth** and continuance of providing the highest in quality of services feasible to our residents.

Respectfully submitted,



Lucas A. Shires, MUD, PLA
Town Manager