



Town Manager's Budget Message

May 27, 2016

To the Honorable Mayor Ron Wyatt and Troutman Town Council:

In accordance with North Carolina General Statute §159 – 11, I respectfully submit for your review and consideration the proposed budget for the Town of Troutman for Fiscal Year 2016– 2017.

The budget includes revenues and expenditures for the Town's General and Utility funds.

The proposed annual operating budget of \$5,546,625 is \$604,563 greater than the current budget as amended through May 12, 2016, an increase of 12.23 percent (12.23%). The budget is balanced with revenue from ad valorem, sales, utility, and beer and wine tax receipts; state distributed Powell Bill funding which is restricted to road improvements; solid waste collection fees; water sales; fees for wastewater treatment; reimbursements for law enforcement; transportation grant funds; development and review fees; and an appropriation from the General Fund fund balance.

GENERAL FUND

The proposed General Fund budget is \$3,684,400 which is \$594,343 greater than the current year budget.

REVENUES

TAXES and FEES

Revenue projections are based on historical data and financial forecasts provided by Town staff, Iredell County Tax Department staff and the North Carolina League of Municipalities.

Ad Valorem Taxes

As a result of the Town of Troutman's budget workshop held on Friday, May 17, 2016, the recommended 2016-17 Budget includes 5-cent tax increase. The increase is made up of \$156,805 for a fund balance reimbursement to the General Fund Balance. This represents 3.11 cents of taxes in addition to projected growth in valuation. Town Council also requested that \$19,070 or .50 cents of taxes be included to create an economic development capital reserve fund and an additional \$19,070 be included to create a facilities capital reserve fund. Town Council also requested that \$18,000 or .47 cents be included for contracted services for code enforcement. Also included in the recommended budget is \$10,000 or .17 cents for economic

development services and \$7,000 or .17 cents of taxes for downtown murals. The culmination of these additions represents a 5-cent tax increase in the Town of Troutman's tax rate.

The total budgeted ad valorem revenue, \$1,987,900, is \$352,036 (21.52%) more than the current year's budgeted tax receipts and is based on the total valuation of property for purposes of taxation, the general economic environment, and a collection rate of 96.5%.

North Carolina General Statutes require that all counties conduct a reappraisal of real property at least every eight years. Due to the rapid changes taking place in the local real estate market, the Iredell County Board of Commissioners has elected to authorize reappraisals every four years. More frequent reappraisals reduce the amount of inequity which may occur due to certain areas and property types increasing in value faster than others. (Source Iredell County: http://www.co.iredell.nc.us/Departments/Tax_Admin/)

Iredell County's most recent reappraisal became effective on January 1, 2015. The Iredell County Tax Department estimates the value of property within the corporate boundaries of Troutman to be \$397,350,000, an increase over last year of more than \$36.8 million (\$36,806,000) or more than 10 percent (10.21%)

Other taxes, fees and revenues

Sales tax revenue including taxes on utilities, beer and wine and state hold-harmless funds is budgeted 10 percent (10%) higher than the current budget reflecting a strengthening economy and the State's expansion of sales tax applicability to certain services. Sales tax on electricity is budgeted about 15 percent higher, but most other miscellaneous taxes and fees are budgeted with a slightly smaller increase.

Grant proceeds in the amount of \$80,000 are budgeted to continue work on the traffic circulation study that will ultimately be used to help alleviate traffic congestion on Main St. Funding comes from the Charlotte Regional Transportation Planning Organization. This was begun in the prior fiscal year, but not completed, so the remainder is re-appropriated.

Fund Balance Appropriated

An appropriation from the fund balance in the amount of \$325,000 is budgeted to advance funds to the ABC Board for start-up costs. This loan will be repaid with interest by the ABC store as part of its operating expenses. Fund balance appropriations are used only for non-recurring expenditures.

EXPENDITURES

Services and programs currently budgeted have been maintained. In addition, funding is included for completion of the Main Street Traffic Circulation Study, continued updating and rewriting of the 3

Town's Unified Development Ordinance, three replacement police vehicles, new playground equipment and replacement of equipment in the Public Works Department.

Law Enforcement

The Troutman Police department promotes public safety through service, integrity and professionalism and in partnership with the community and other agencies to:

- Prevent, reduce, and deter crime and the fear of crime
- Enhance street safety through education and enforcement
- Safeguard property and protect individual rights
- Improve the quality of life of those the department is entrusted to serve.

The department consists of 20 commissioned police officers (14 full time and 6 part time) who are dedicated to keeping the citizens of Troutman safe and secure. The force includes 1 police chief, 2 patrol lieutenants, 2 patrol sergeants, 2 patrol K9 officers, 2 patrol officers (including one who also serves as a community resource and code enforcement officer,) 2 school resource officers, 1 traffic safety officer, 1 detective sergeant, 1 narcotics investigator and 6 part time patrol officers.

Troutman law enforcement officers are on duty 24 hours per day, seven days a week, every day of the year. Officers receive continuous training to achieve the skills necessary to accept new duties and challenges. Officers are dispatched through the Iredell County Emergency Communications Center in Statesville, NC and work closely with Iredell County Sheriff's Office and the police departments of Statesville and Mooresville as well as other state and federal law enforcement agencies, as necessary.

Over the past few years, the department has undertaken additional responsibilities without increasing staff. A full-time narcotics officer works closely with peers from other agencies to investigate illegal drug use and trafficking and enforce state and federal drug laws; a patrol officer has taken on additional duties as Community Resource and Code Enforcement Officer; and the department sponsors and coordinates the annual National Night Out event to bring the community together in a joint effort to promote safety and crime prevention. In addition, the Troutman Police Department participates in the Operation Medicine Drop program to encourage safe dispose of unused, unwanted and expired medication. Two to 3 times each year, Troutman officers collect approximately 40 – 50 lbs. of medication. The Department also holds 6 to 8 child passenger checking stations in Town and provides security for special events.

Currently the Troutman Police Department has two school resource officers stationed at South Iredell High and Troutman Middle schools who occasionally pull double duty at Troutman Elementary and the Career Academy and Technical School. These officers assist school administration in maintaining a safe and secure environment. The positions are funded by the Iredell Statesville Schools System.

The Police Department regularly applies for grant funding to support programs and acquire equipment. Since 2007, the department has been awarded approximately \$840,062 for such activities and equipment as overtime pay, rifles, radios, mobile data terminals, and traffic safety programs.

Expenditures

Projected operating expenditures for the Troutman Police Department are approximately \$7,724 more than current year (.64% increase).

Public Works Services

The Public Works Department ensures the health, safety and public welfare of the community by managing and maintaining water distribution and wastewater collection systems: maintaining pump stations; inspecting water meter installation and sewer connections, performing backflow inspections, and mowing rights-of way. Services also include maintaining streets, government facilities and public lands including the town's park and greenway system, performing playground safety inspections, and staffing public events. The Department consists of five employees: 1 public works manager, and 4 public works technicians. The public works manager also serves as the Operator in Responsible Charge (ORC) for both the water and sewer systems.

In partnership with other agencies, services also include solid waste management including trash and recycling collection, leaf and limb collection, street sweeping and streetlights.

Expenditures

The proposed Street Maintenance Dept. budget decreases \$60,507 (19.67%) primarily because of completion of patching on Rumble Street, no capital equipment being proposed, and moving the remaining 50% of one technician's salary and benefits to the Utilities Fund to more accurately reflect his duties. In the Sanitation Dept., solid waste and recycling collection are increased by \$20,000 to provide expanded service for growing residential development.

Planning and Zoning

The Town's 1-person Planning Department works with issues of public interest in Troutman and the surrounding area that relate to short term and long term land use, transportation, demographics, economic development, community facilities, public utilities, environmental concerns, and recreation. In addition, the Planning Department provides technical assistance to the Town Council, appointed advisory and volunteer boards, and the general public in matters relating to the physical and strategic growth of the Town. The Planning Department is further involved in the development, administration and enforcement of a wide variety of development ordinances (zoning, signage, subdivisions, watershed protection, floodplain prevention, etc.). The Department also creates and maintains the Town's GIS (Geographic Information System) for data mapping and analysis. In addition, the Planning Department makes regular grant submissions to implement the desires of the community. Examples of successful applications have included funding for Troutman ESC Park, the farmers market, recycling cart rollout program, and recreational trail development, and transportation studies. The Department has recently submitted a grant to acquire right-of-way and construct a sidewalk/greenway connecting existing facilities on Main Street to existing facilities on West Avenue.

Expenditures

The proposed budget for this department stays stable from \$293,022 to \$292,525. Included in the budget is completion of the Unified Development Ordinance updates (\$66,000), and completion of the Main St circulation Study (\$100,000-grant funding in the amount of \$80,000 offsets the cost of the traffic study). Included in this department's salaries is \$5,200 for continuation of the college intern program to assist with planning activities.

Parks and Recreation

The Town's Parks and Rec Department is supervised by the Planning Director. The department currently includes a contracted part time Parks and Rec Coordinator and is supported by the Town's Public Works, Police, Finance and Administration departments. Fundraising and some programming is conducted by a volunteer Parks & Rec Committee. Fundraising efforts supplement annual budget allocations for expanding recreational amenities and programming. A fundraising campaign is currently underway to fund an interactive children's fountain, walking track around the existing soccer field, amphitheater, and additional parking. Recreation programming and park maintenance are shared with Iredell County Parks and Recreation Department.

Thanks to a donation by Engineered Sintered Components of 30 acres of land and the support of local businesses, community organizations, and residents, Troutman ESC Park opened to the public with a playground dedication in May 2013. Amenities currently include a soccer field, nature trail, and paved fitness trail. The dog park and farmers market/pavilion are under construction. Community events are regularly held at this first town park including 5k, 10k and fun runs; the annual Trails and Treats Halloween festival; Troutman Police Department's National Night Out celebration; and the seasonal farmers market.

The Park complements the Richardson Greenway which runs parallel to Main St and connects to the park's paved walking trail near Town Hall. The greenway is part of the Carolina Thread Trail project, a regional network of greenways, trails, and conserved lands across 15 counties in North and South Carolina. The Town obtained grant funding to extend the trail to the north and plans to construct a separate section of the trail to the south. This year, the Town has funding in place to complete the gap between the Iredell County Fairgrounds and Food Lion Shopping Center and a northern connection on the Children's Hope Alliance Campus. In addition a portion of the Lake Norman Bicycle Route will be constructed along Old Mountain Road creating a spur from the Richardson Greenway to South Iredell High School.

The Town supports the annual Independence Day Parade and sponsors the fireworks show on the Saturday prior to July 4th. The Town partnered with the Troutman Business Council to sponsor public events including the 2nd annual Front Porch Fest street festival and two summertime Parties in the Park featuring live music and entertainment, vendors and local fare.

Expenditures

The budget for this department has more than doubled because of increased operations and maintenance. Included in the budget are special events (\$4,000), playground build out (\$19,000), a part time Parks and Recreation Coordinator (\$15,600), a farmers market coordinator (\$1,600) and design of an interactive children's fountain (\$12,500).

Other Departments

Governing Board

This department is budgeted approximately the same as last year. Included in Special Events is a \$2,000 grant for Friends of the Library to assist with programs and activities at the J. Hoyt Hayes Memorial Troutman Branch Library. Dues are included for the Lake Norman Transportation Commission (\$3,000). Staff is currently performing an analysis of Council compensation and expense reimbursement which may require adjustment after the budget is in effect.

Administration

This department is also budgeted at approximately the same level as last year. No capital outlay is requested.

Debt Service

This department is budgeted approximately seven percent (7%) greater than the current budget reflecting a full year of the Lytton/Patterson Street project loan as compared to three quarters last year.

Economic Development

An increase of \$353,336 in this department reflects advance to the ABC Board of \$325,000 in start-up costs. Also included in the budget is \$10,000 for funding of an economic development consultant, \$21,000 for Wayfinding signage design, \$17,050 for membership in Statesville Regional Development, \$7,000 for additional murals, and \$1,500 for downtown improvements.

Capital Expenditures \$104,000 is budgeted for the purchase three replacement police vehicles.

Other

- Insurance: Expected decrease of \$15,000 (16.67%)
- Elections: No elections this year.
- An amount of \$156,805 is included to replenish fund balance.

UTILITY FUND

Annual Operations

Troutman's Utility Fund consists of the equipment and personnel necessary to operate the Town's water and sewer systems.

For many years, the Town has been installing sewer lines, water lines (including the connection to Energy United, the million-gallon tank on Houston Road, and other infrastructure in anticipation of significant growth. Up till now, mostly existing customers have had to bear the burden of paying the costs incurred, while being promised that someday rates could come down as additional users come on line to absorb the debt service. We feel that, with the uptick in housing starts, that time has come. Therefore, a 5-cent per thousand water and seven-cent per thousand sewer rate reduction is being proposed. The additional customers coupled with greater efficiency and loss control should be adequate to offset the savings to the people.

The proposed budget for this fund is \$1,862,225, a mere increase of \$10,220 or less than one percent (.55%) from the current budget as amended through May 12, 2016.

Expenditures in capital outlay include a new skid steer with brush cutter, data collector, a shop air compressor, and safety equipment. The skid steer will replace the aging backhoe. It is more versatile and will complement the mini excavator purchased last year. Cost of the item is \$51,000. A brush cutter attachment is proposed to increase right-of-way maintenance efficiency in areas containing brush too thick for a standard rotary style cutter. Cost is \$5,000.

A belt clip data collector is needed due to factory installed updated within our current water meter specs. Current equipment is outdated and unable to collect all data needed for efficient billing operation. Safety equipment proposed includes fall protection equipment for confined space entry to replace 1999 unit, fireproof cabinets for flammable liquid storage, fire rated uniforms for use when contact with electrical panels is required (OSHO recommended), and an air compressor to replace an unusable one at the maintenance shop.

The Maintenance Department budget of \$1,172,230 increased \$73,424 (6.68%) from the current budget. Much of this is due to the shifting of personnel costs from the street department as noted above, and the capital outlay items other than the skid steer. Included in this department are the costs of running the water and sewer systems including supplies, equipment, vehicles, contracted services, water treatment fees, and the cost to purchase water.

OTHER FUNDS

In addition to the two annual operating funds, the Town administers several funds not detailed in this budget. Capital project funds are authorized by project ordinances and continue over multiple years with each having a separate fund. Current capital project funds include Troutman ESC Park, Greenway Extension North, SIHS Greenway, and Weathers Creek Sewer. A fund for Lytton and Patterson road and sewer improvements was established in the current budget year.

PERSONNEL & BENEFITS

No new positions are proposed. One percent (1%) cost of living and a two percent (2%) performance based salary increases are budgeted across all departments.

The Town's insurance carrier has advised that group medical insurance will decrease five percent (5%); this increase is budgeted across all departments.

A LOOK AHEAD

Facilities

In recent years there has been increased funding directed toward maintenance of our public facilities, oftentimes, unexpectedly because something will break down. Lighting, heating and air systems are beginning to fail, carpets are shabby, and parking lots are crumbling. These problems will become more pronounced as time goes on. Additionally, space is tight at town hall. The mayor has no office, interns share office space with the Town's planning director and there is no conference room for small meetings. Council is to be commended for initiating plans for additional facilities.

Personnel

As the Town's utility system expands and as Troutman ESC Park continues to grow both in amenities and programming, and as we construct extensions to the Richardson Greenway and a multi-purpose path to South Iredell High School, it is becoming apparent that we will soon need additional personnel in Public Works and Parks/Rec.

CONCLUSION

This budget has been prepared in accordance with the provisions of N.C.G.S. §159-3, the Local Government Budget and Fiscal Control Act. It includes details and explanations of proposed budget items as well as a line by line comparison of the proposed budget and current budget.

With the Town Council's concurrence, a public hearing will be scheduled for Thursday June 09, 2016. The budget ordinance may be adopted immediately following the public hearing or any time prior to July 1.

A copy of this budget has been filed with the Town Clerk and is available for inspection at Town Hall. Notice of submission of this budget and the public hearing will be provided to the media as required by law. A copy of this budget will be available on the Town's website to facilitate its examination by our citizens.

In closing, I would like to express my sincere thanks and appreciation to Mayor Wyatt and each Council member for direction in preparing this budget and to Finance Officer Steve Shealy for his valuable contributions.

Town staff members and I are available to provide additional information or documentation.

Respectfully Submitted,

David Treme Town Manager