



## **Town Manager's Budget Message**

May 14, 2015

To the Honorable Mayor Elbert Richardson 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 2015 – 2016.

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

The proposed annual operating budget of \$4,541,679 is \$85,709 less than the current budget as amended through March 1, 2015, a decrease of almost 2 percent (1.89%). 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 \$2,906,754 which is \$10,726 less 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**

The proposed property tax rate for fiscal year 2015-2016 remains unchanged at \$0.47 per one hundred dollars (\$100) of property value.

The total budgeted ad valorem revenue, \$1,695,364, is \$36,864 (2.22%) 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/](http://www.co.iredell.nc.us/Departments/Tax_Admin/))

Iredell County's most recent reappraisal became effective on January 1, 2015 and the revaluation of property is reflected in this budget. The Iredell County Tax Department estimates the value of property within the corporate boundaries of Troutman to be \$360,544,000, an increase over last year of more than \$7 million (\$7,014,000) or almost two percent (1.98%)

### **Revenue Neutral Tax Rate**

State law requires the calculation of a revenue neutral tax rate immediately following the completion of the reappraisal of real property. The purpose of this calculation is to provide citizens with comparative information on tax rates before and after revaluation.

Municipalities are not required to adopt the calculated revenue neutral tax rate which is defined by G.S. 159-11(e), as the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year if no reappraisal had occurred. The calculation includes adjustments for annexations. The calculated revenue neutral tax rate is \$0.4799 per \$100 valuation; almost one cent and approximately 2% more than the current and recommended tax rate of \$0.47.

### **Other taxes, fees and revenues**

Sales tax revenue including taxes on utilities, beer and wine and state hold-harmless funds is budgeted 10 percent (10.48%) 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 23 percent higher (23.19%), but most other miscellaneous taxes and fees are budgeted about the same.

A \$4/month fee charged to commercial customers for solid waste collection has been eliminated, reducing revenues by \$4,500 (75%).

Grant proceeds in the amount of \$100,000 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.

### **Fund Balance Appropriated**

An appropriation from the fund balance in the amount of \$30,000 is budgeted to pay for the Town's 20% match of the \$100,000 grant funding for the Main St. Traffic Circulation Study (\$25,000) and to purchase a golf cart to be used at special events and for activities at the Park (\$5,000). Fund balance appropriations are used only for non-recurring expenditures. The appropriation is \$80,000 less than is currently budgeted, a reduction of almost 73 percent (72.75%).

## **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

Town's Unified Development Ordinance, purchase of a golf cart for use at special events and activities held at Troutman ESC Park, 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 comprises 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 \$793,922 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 \$28,626 more than current year (2.5% increase) in part to provide

security for special events co-sponsored by the Town. The department expects to receive grant funding to purchase body cameras at no cost to the Town.

#### **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 increases \$13,441 (5.5%) primarily because of projected increases in street lighting, street sweeping and contracted services for snow removal due to increased residential development. Capital outlay for equipment includes purchase of a vibratory tamp and jackhammer. In the Sanitation Dept., all three services: leaf and limb pickup, solid waste and recycling collection are increased by \$2,000 each 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.). In addition, 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.

#### Expenditures

The proposed budget for this department more than doubles from \$135,081 to \$293,022, an increase of nearly 117 percent (116.92%). This is due primarily to an increase of \$149,500 in contracted services to continue the Main St. Traffic Circulation Study (\$125,000) and the update and rewrite of the Unified

Development Ordinance (\$50,000). Grant funding in the amount of \$100,000 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 revitalization of the downtown area and general economic development. Areas of concentration might include downtown beautification, community events coordination, business retention and recruitment, and a campaign for marketing the community.

#### **Parks and Recreation**

The Town's Parks and Rec Department is supervised by the Planning Director. The department does not have staff, but 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 a farmers market/picnic pavilion with restrooms. Annual fundraising events include Sprint into Spring 5k, 10k and Fun Run, a golf tournament, and holiday meat sale. 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. Within a year, Troutman Youth Athletic Association soccer teams were practicing and playing games on the park's fescue fields, the Troutman Rotary Club Nature Trail was completed and the Walking Trail became a popular spot for runners and walkers alike. Today, 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 annual Park Birthday Party. This year, the Farmers Market moved to Troutman ESC Park from its former home at the Depot Shelter on Main St.

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 within a sewer line easement. This year, the Town constructed one segment of the greenway north extension and has funding in place to complete the northern extension in the upcoming fiscal year.

The Town also obtained grant funding to connect the Richardson Greenway to a wide sidewalk for bicyclists and walkers from Main St to South Iredell High School. This segment will be completed this summer. A portion of this project is along the Troutman Loop of the Lake Norman Bicycle Route.

The Town supports the annual Independence Day Parade and Troutman Rotary Club Festival at the fairgrounds, and sponsors the fireworks show on the Saturday prior to July 4<sup>th</sup>. This year the Town partnered with the Troutman Business Council to sponsor public events including the 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 primarily because expenditures have been consolidated from multiple departments, even though administration continues to be spread among different departments. Expenditures in the amount of \$15,000 for the Independence Day Parade, Festival and Fireworks have been transferred to Parks & Rec from Governing Board. Special events is funded at \$3,000 to support community events such as National Night Out, Front Porch fest and activities in Troutman ESC Park. Funding is also included in Park Upgrades for new playground equipment (\$5,000) and in Greenway – Right of Way Acquisition for greenway extensions (\$1,000).

#### Other Departments

##### Governing Board

This department is budgeted approximately fourteen percent (14.71%) less than the current budget primarily due to the transfer of Independence Day Celebration expenditures (\$15,000) to Parks and Recreation. 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. Since this is an election year, Training is increased \$1,100 (122.2%) to allow for any newly elected officials to attend training programs.

##### Administration

This department is budgeted almost six percent (5.9%) or \$20,619 more than is currently budgeted due primarily to a projected increase of \$11,000 in tax collection costs, the purchase of a golf cart for use at special events and activities held at Troutman ESC Park (\$5,000) and increases in the costs of office equipment rentals (\$3,500).

##### Debt Service

This department is budgeted approximately three percent (2.83%) less than the current budge reflecting payoff in the current year of the library loan.

##### Economic Development

A decrease of \$45,070 (61.5%) in this department reflects the payment in the current year of a one-time tax grant incentive. Included in the budget is \$10,000 for

an economic development consultant, \$16,714 for membership in Statesville Regional Development and \$1,500 for downtown improvements.

### **Capital Expenditures**

No capital expenditures are budgeted reflecting a decrease in \$110,000 that was budgeted in the current year to purchase three new police vehicles.

### **Other**

- Insurance: Expected decrease of \$20,000 (18.18%)
- Elections: \$2,000 budgeted for Mayor and Council elections in November.
- Expenditures formerly in Streetscape Dept. have been folded into the Parks & Recreation and Economic Development departments.
- As in the current budget, there are no funds budgeted for contingencies that might arise during the year.

### **General Fund Fund Balance**

It is projected that at the end of FY 15-16 the Town will have an unassigned fund balance of approximately \$908,000, subject to economic shifts during the year.

## **UTILITY FUND**

### **Annual Operations**

Troutman's Utility Fund consists of the equipment and personnel necessary to operate the Town's water and sewer systems. Despite an expected increase in the cost of sewer treatment, no sewer rate increase is proposed.

The Town has been advised that the cost to purchase water from Energy United will increase 0.8 percent (0.8%). This year, also, the Town will begin repaying the zero percent (0.0%) interest state loan for the Water Efficiencies Improvements Project. This project included replacing 5,140 LF of waterline along Lytton St and Goodman Rd, repaving Lytton St from Mills to Talley, and replacing more than 500 manual-read water meters with modern radio-read meters to provide more accurate readings. A water rate increase of two percent (2%) is proposed to cover both the water purchase increase and the debt service on the Water Project. Elimination of a \$2 monthly fee charged to water customers outside town limits is proposed, as well.

The proposed budget for this fund is \$1,634,925, a decrease of \$74,983 or four percent (4.39%) from the current budget as amended through March 1, 2015. The current year's budget was increased to account for one-time water and sewer availability fees from Sutter's Mill and other housing developments. These fees are paid upfront and as such, are not expected to carry over into this budget.

Expenditures in capital outlay include new water monitoring software, a new utility task vehicle and a vehicle lift. The SCADA water monitoring software will replace software that is out of date and which runs only on a computer operating system that is no longer supported by the manufacturer (\$21,000). The 4-wheel drive utility task vehicle will replace an existing 12 year old vehicle with 2-wheel drive for most tasks. The new vehicle will increase the safety, efficiency and productivity of the Public Works staff as it will allow access to rights-of-ways that are currently only accessible by

tractor or foot (\$14,000). The vehicle lift will allow Public Works staff to do more in-house vehicle repair and maintenance than is currently possible (\$5,000). Approximately two percent (2.37%) of water and sewer revenue is directed to the Capital Reserve Fund in general conformance with the Sewer CIP adopted in 2013. Even so, the departmental budget is \$93,834 less than the current budget. This is primarily due to the elimination of a one-time cost to upsize the water line at Sutter's Mill. As in the current budget, there are no funds budgeted for contingencies that might arise during the year.

The Maintenance Department budget of \$1,051,726 increased less than one percent (0.86%) from the current budget. 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, Weathers Creek Sewer, and the Water Meter Replacement/Lytton St. Water Line (Water Efficiencies) projects. A fund for Morrison Farm Rd Water Line will be closed out at the end of the current fiscal year and a fund for Lytton and Patterson road and sewer improvements will be established once a budget and ordinance is adopted for the project.

### **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. Merit increases were last budgeted in 2012.

The Town's insurance carrier has advised that group medical insurance will increase seven percent (7%); 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. Funding upgrades and expansions to town facilities is something we will need to consider in upcoming years.

## Personnel

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 one person dedicated to supervision of the Parks & Recreation Department.

## **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 11, 2015. 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 Richardson and each Council member for direction in preparing this budget and to Finance Officer Steve Shealy for his vast institutional and financial knowledge and superb number-crunching abilities.

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

Respectfully Submitted,



Ann Bailie

Town Manager