

City of Asheboro

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May 16, 2019

To: Mayor David Smith
Council Member Walker Moffitt, Mayor Pro Tem
Council Member Clark Bell
Council Member Eddie Burks
Council Member Linda Carter
Council Member Jane Redding
Council Member Katie Snuggs
Council Member Charles Swiers

From: John N. Ogburn III, City Manager

Subject: 2019-2020 Annual Budget

THE CITY OF ASHEBORO 2019-2020 ANNUAL OPERATING BUDGET

1. Introduction

In accordance with the North Carolina General Statutes Article 159-11, I present the 2019-2020 annual budget representing the financial and operational plan for the upcoming fiscal year. The fiscal year 2019-2020 budget is balanced at \$46,462,433.

2. Reappraisal of property tax base and resulting adjustment to tax rate.

Under NC Law, property taxes are the primary source of local governments. In 2018-2019 our projected revenue from property tax collections is estimated at approximately \$15,300,000. This year, after re-evaluation, the projected revenue is estimated at \$16,312,000. After re-evaluation, an adjustment in the tax rate to \$0.625 from \$0.665 would bring in the same level of revenue. However, at this time, I am not recommending that adjustment due to 1) the uncertainty of Randolph Health Systems, 2) the ongoing economic trade wars and its impact on retail sales, 3) the opening of the southern loop of HWY 64 bypass which also may have a negative effect on

sales tax reimbursements 4) the need for additional police officers and firefighters to meet public safety demands, response times and provide rescue services, 5) local incentive program that supports the downtown redevelopment plan and 6) the need to complete our Capital Improvement Plan projects including: the City Recreation Center, the Zoo City Sportsplex, the Asheboro North Police Substation, and the Arboretum.

3. General Fund Revenues

I recommend that the property tax rate be remain at \$0.665 cents per \$100.00 value for this budget year.

Our main sources of revenue consist of ad valorem property tax revenues, sales tax, Powell Bill (gas tax) and utilities franchise tax. Due to the property re-evaluation, I expect overall revenues to increase by about \$1M dollars in comparison to current year revenue.

4. Water & Sewer Fund Revenues

The City of Asheboro Water & Sewer fund is fully supported by revenues generated from its operations. The major sources of revenue from water and sewer fund operations come from water and sewer charges, sampling and monitoring fees, surcharges and septic tank discharge fees. Water and sewer charges are paid by all users – individuals, businesses and industry. All other major sources noted above are paid by businesses and industry.

I am recommending the minimum water bill inside city limits remain at \$13.91 and the minimum bill for sewer services inside city limits remain at \$17.18. I am also recommending the water consumption rate remain at \$2.74 per 100 cf. over first 150 cf. usage and the sewer consumption rate remain at \$2.81 per 100 cf. over first 150 cf. usage. For an inside water & sewer city limit customer, the minimum water & sewer bill is only \$31.09 per month or \$1.02 per day.

5. Fund Allocations:

Fund allocations are as follows:

General Fund:	\$31,743,697
Water and Sewer Fund:	<u>\$14,718,735</u>
Total:	\$46,462,432

CITY OF ASHEBORO GENERAL FUND BUDGET HIGHLIGHTS

General Fund Revenue

- Recommend property tax rate of \$0.665 per \$100.00 value – no changes for 2019-20.
- Recommend fund balance appropriation of \$2,214,957 for use for \$1.4M aerial platform truck for the Fire Department (build to suit), \$411K for the final phase of the McCrary Gym remodel, \$43K for the final debt service payment on the Sunset Theatre and 249K for the last round of server and computer upgrades to Windows 10.

General Fund Departmental Expenditure allocations are as follows:

General Government:

Mayor & Governing Body	\$150,385
City Manager's Office	216,255
Finance Office	558,364
Legal & City Clerk	239,448
Information Technology	332,897
Planning & Zoning	948,331
Municipal Building	122,200
Fleet Maintenance	1,255,286
Human Resources	418,463
Total	<u>\$4,241,629</u>

Public Safety

Police	9,140,103
Fire	6,569,033
Building Inspection	115,551
Fire Inspection	320,400
Total	<u>\$16,145,087</u>

Transportation

Operations	991,517
City Engineer	320,811
Airport Authority	147,490
Total	<u>\$1,459,818</u>

Culture and Recreational

Arts & Cultural Services	532,432
Recreation Services	1,729,244
Municipal Golf Course	204,081
Library	133,590
Facilities Maintenance	2,076,692
Total	<u>\$4,676,039</u>

Public Services

Environmental Services	2,026,410
Street Maintenance	3,194,714
Total	<u>\$5,221,124</u>

FISCAL YEAR 2019-2020 GENERAL FUND EXPENDITURE HIGHLIGHTS

- 2.5% employee COLA & \$ for years of service and Council of Government salary study increases.
- Funding for a few new positions (4 police officers and 5 fire fighters to be hired in the 4th qtr and 1 fire inspector).
- \$680K for debt service.
- \$249K for IT Upgrades including individual computer and server replacements, police & fire mobile data terminal replacements as well as network and firewall upgrades.
- \$132K for Community Development activities including partnership with Habitat and downtown redevelopment plan funding.
- \$120K for planning and zoning department professional services including continued website development, engineering services for Industrial Park Avenue sidewalk, Land Development Plan update and consulting on development of downtown historic district.
- \$50K for Code Enforcement activities.
- \$10K for The Family Crisis Center to support abused women and children.
- \$20K for ongoing phased remodel of City Hall.
- \$326K for 12 police department replacement vehicles and \$146K small equipment / safety equipment for vehicles and officer use.
- \$6700 for Street Scout Speed Trailer and \$14000 for a lift for use in evidence storage in the police department.
- \$75K for building maintenance / remodel at the Police Department.
- \$21K for building maintenance / rehab in Fire Department.
- \$188K for fire fighter safety equipment and gear.
- \$1.4M for Fire Department ladder truck.
- \$20K for sign / banner making equipment in Operations Department
- \$441K for equipment for Street Department (leaf truck, tandem dump truck and 2 ton dump truck).
- \$41K for a new truck and survey equipment for Engineering Department.
- \$50K for Engineering Department professional services - McCrary Ballpark.
- \$21K for E-Vision Digital Projector with short throw lens for Sunset Theatre.
- \$259K for programs for Recreation / Arts & Cultural Services Division activities in the community including sports, Sunset Theatre programming, Senior Adults Center, concerts, Arts Guild, Boys & Girls Club etc.
- \$45K in professional services to upgrade the Recreation Master Plan.
- \$411K in maintenance & repair for the remodel of McCrary Gymnasium.
- \$133K for Asheboro / Randolph Public Library.
- \$95K in Facilities Maintenance Department for two service truck replacements and one greens blower.
- \$50K for professional services associated with proposed new Airport Terminal Building and \$30K for fuel truck lease.

CITY OF ASHEBORO WATER & SEWER FUND BUDGET HIGHLIGHTS

Water & Sewer Fund Revenue –

Recommended water & sewer rate structure to remain the same for 2019-2020

- The minimum bill for all customers includes 150 cf usage.
- Inside City Limits: water minimum bill \$13.91 and sewer minimum bill \$17.18
- Inside City Limits water consumption fee of \$2.74 per 100 cf over minimum
- Inside City Limits sewer consumption fee of \$2.81 per 100 cf over minimum
- Outside City Limits- water minimum bill \$34.78 and sewer minimum bill \$42.95
- Outside City Limits water consumption fee of \$6.85 per 100 cf over minimum
- Outside City Limits sewer consumption fee of \$7.03 per 100 cf over minimum
- I recommend a retained earnings allocation of \$2,222,967 for 2019-2020. This allocation will cover contracted maintenance and repair at both plants and lift stations.

Water & Sewer Fund Departmental Expenditure allocations are as follows:

Billing & Collection	584,055
Water Meter Operations	1,220,680
Water Maintenance	1,646,800
Wastewater Maintenance	1,306,708
Water Resources Division	
Water Supply & Treatments	3,158,881
Wastewater Treatment	4,121,720
Technical Services	200,852
Systems Maintenance	1,723,908
Water Quality	755,131
Total	<hr/> \$14,718,735

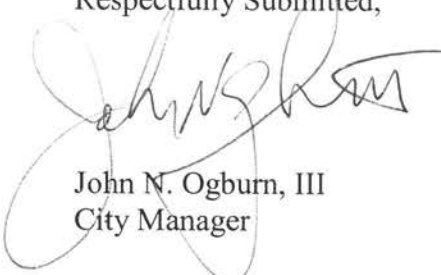
FISCAL YEAR 2019-2020 WATER & SEWER FUND EXPENDITURE HIGHLIGHTS

- 2.5% employee COLA & \$ for years of service and Council of Government salary study increases.
- Funding for 4 new employees (1 at WTP for a second operator on 3rd shift for safety reasons, 2 in System Maintenance to keep up with expanding demands for maintenance and repair at lift stations and added equipment, 1 lab technician in Water Quality to keep up with additional testing imposed by regulating agencies).
- \$658K for debt service.
- \$106K for computer and software replacements and upgrades.
- \$507K for water meter replacement with upgraded radio read technology.
- \$970K for maintenance & repair of equipment in Water and Wastewater Treatment Plants and pump stations.
- \$1.068M for contracted services for maintenance and repair of water tanks (annual) and equipment at Water Treatment and Wastewater Treatment Plants.
- \$820K for Chemicals for plants and lift stations.
- \$980K for Utilities and Fuel for plants and lift stations.
- \$165K at Water treatment plant to upgrade the chemical feed building and upgrade motor starters and wiring for 3 high service pumps.
- \$270K in the Water Maintenance department for an AVT Valve insertion machine and the replacement of worn out equipment (backhoe and boring machine).
- \$90K for slip lining to repair sewer lines and \$90K for sewer line camera in Sewer Maintenance Department.
- \$111K in System Maintenance Department for equipment replacement (Generator, flow meters and service truck).
- \$20K to replace the heating and AC in Water Quality. Current unit is beyond repair.

The 2019-2020 Budget will be presented at a special meeting of the Asheboro City Council on Monday May 20th. The Council will convene a public hearing at the regular council meeting on June 6, 2019. The budget adoption is scheduled for 7:00 pm on Monday June 24, 2019. A copy of the proposed budget will be available in the City Clerk's office for public inspection during regular business hours.

In closing, on behalf of the Department Heads and staff, Asheboro is exactly where we want to be!

Respectfully Submitted,



John N. Ogburn, III
City Manager