

# FY 2021-2022 BUDGET WORKSHOP #1

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March 22, 2021



# PRESENTATION OVERVIEW

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- 🌀 Recent Budget History
- 🌀 Current Year Budget Review
- 🌀 FY 2021-2022 Budget Discussion
  - City Council Goals
  - CIP Projects
  - Debt Service
  - Personnel and Salary Study
  - Ad Valorem Tax Rate Discussion
- 🌀 Next Steps

# RECENT BUDGET HISTORY

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How did we get here?

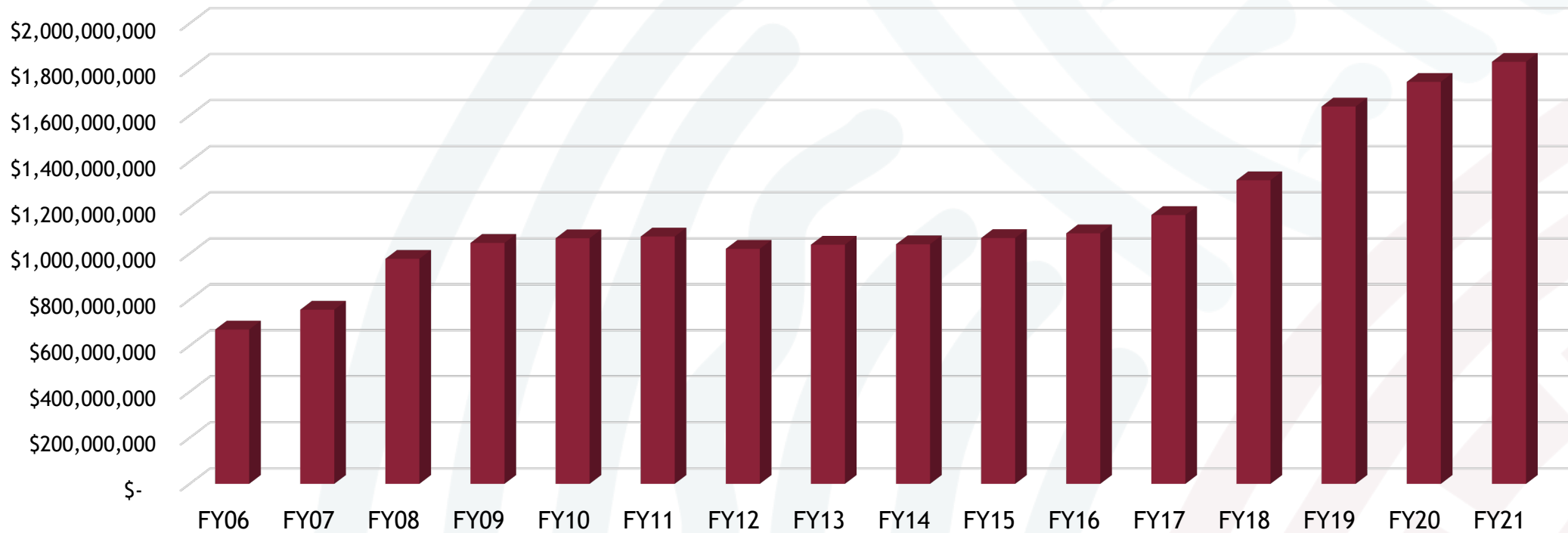
# FY2016-2017 TO PRESENT

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- 🌀 City Council had concerns about the lack of capital funding.
- 🌀 Property tax rate stable at \$0.475 between FY2007-2008 through FY2016-2017 (was reduced from \$0.495 in FY2007-2008).
- 🌀 Five-Year Budget Plan created in 2017 for FY2017-2018 Budget
  - Intentional focus on capital projects and upgrading city facilities
  - Increased tax base growth assumptions from 3% to 4% annually
- 🌀 Ad Valorem Tax Rate Increase in FY2018-2019
  - Increased ad valorem tax rate to \$0.515 per \$100 of taxable valuation
  - Looked into projected costs of projects, staffing needs, and maintenance costs
- 🌀 Gaston County Revaluation in 2019, effective in FY2019-2020
  - Gaston County Tax Office initially estimated 15% increase in property values.
  - Actual increase in property values was 24% in Belmont and across county.
- 🌀 COVID-19 uncertainty reduced revenue projections for FY2020-2021.

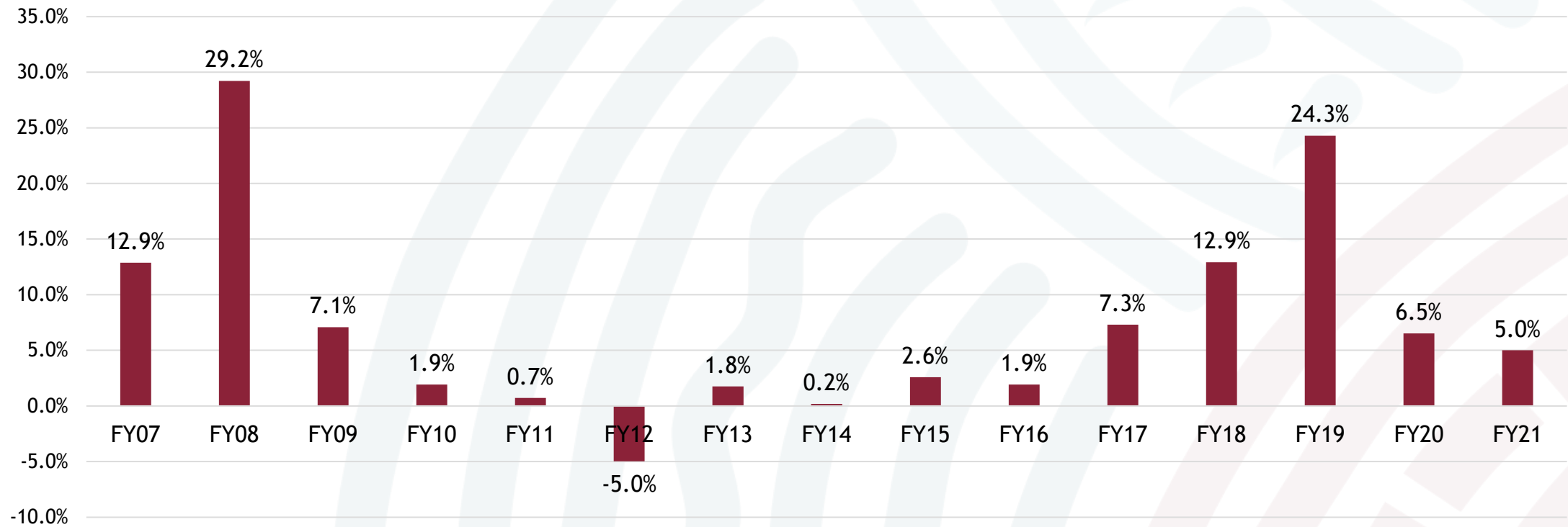
# BELMONT TAX BASE 2006-2021

Property Tax Valuation



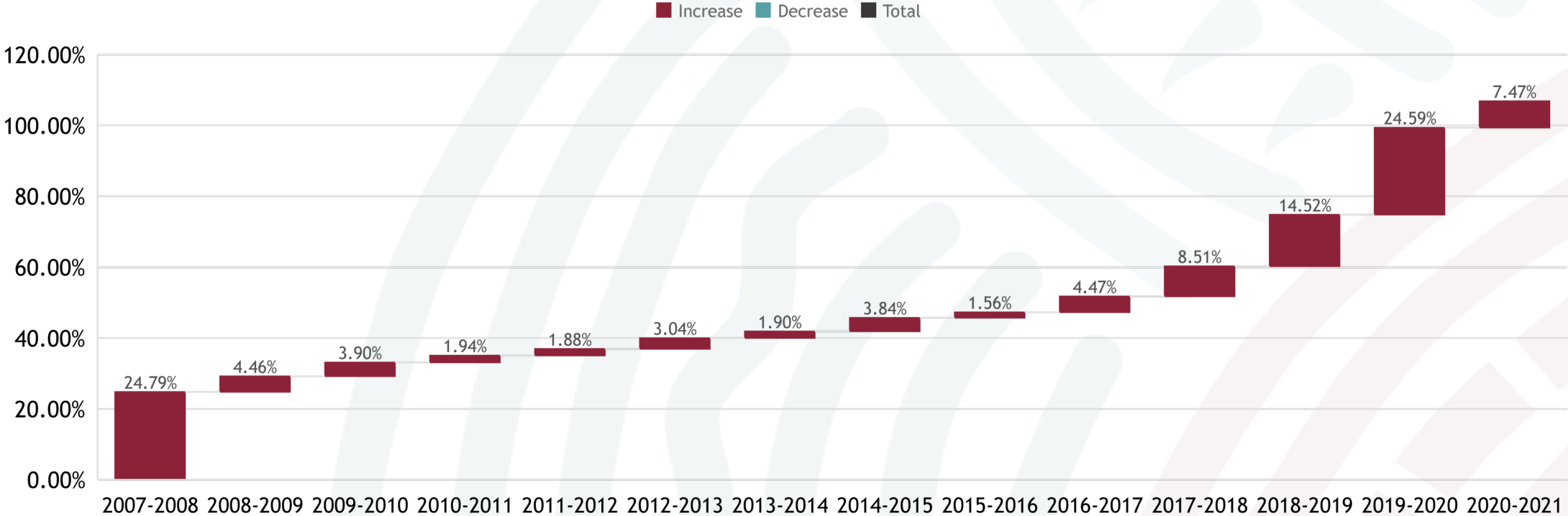
# BELMONT TAX BASE 2006-2021

Change in Tax Valuation Over Prior Year



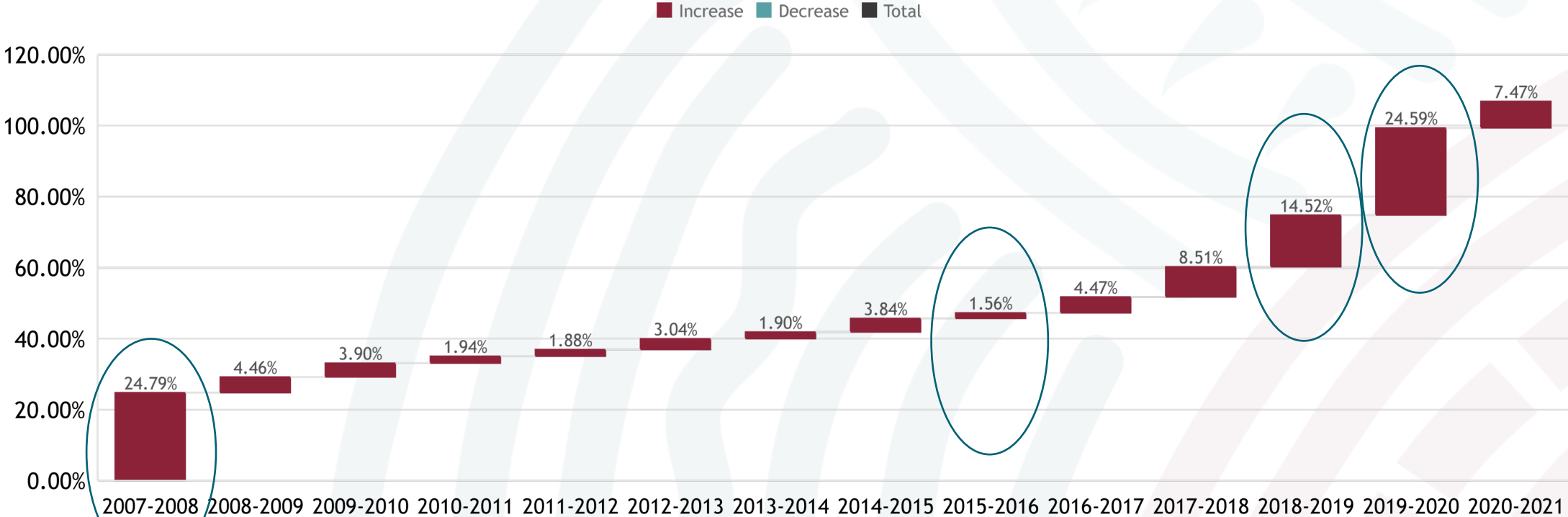
# BELMONT AD VALOREM COLLECTION 2007-2021

Growth in Property Tax Collection 2007-2021



# BELMONT AD VALOREM COLLECTION 2007-2021

Growth in Property Tax Collection 2007-2021





# CURRENT YEAR BUDGET REVIEW

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FY2020-2021

# UNCERTAINTY OF COVID-19

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- 🌀 Overall impact to budget was 4% reduction in what would have been projected in revenue and spending.
- 🌀 Based on guidance from NCLM, UNC School of Government, and local colleagues, we anticipated lower property tax revenue and lower sales tax revenue due to business closings and lockdowns.
- 🌀 Expenditures were flat or reduced in budget.
- 🌀 Local economy rebounded quickly. People stayed home and spent money locally. Two stimulus payments (April and December) helped.
- 🌀 Builders continued building houses. Home renovations increased.

# PROJECTIONS WERE WRONG. THANKFULLY.

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- 🌀 Ad valorem revenue is up 7.5% from last year.
- 🌀 Total value of permits issued during 2020 was \$146 million.
- 🌀 Sales tax coming in well ahead of projections.
  - We need to collect \$220,000 per month to meet the budget projection.
  - We have collected an average of \$305,052 per month through January.
- 🌀 CARES Act provided \$180,566 in reimbursements from COVID spending.
- 🌀 ABC disbursements ahead of projections.
- 🌀 We will end the year with a surplus, which can be added to the fund balance and/or put into capital reserve for future capital projects.

# FY 2021-2022 BUDGET DISCUSSION

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- City Council Goals
- CIP Projects
- Debt Service
- Personnel and Salary Study
- Ad Valorem Tax Rate Discussion

# CITY COUNCIL GOALS

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## Transportation

- Abbey Creek Greenway, TIA Workshop, Payment in Lieu of Improvements

## Infrastructure

- Belmont-Mt. Holly Connector (South Fork Parkway), Paving/Resurfacing, Sidewalk Connections

## Growth Management/Balanced Growth

- Wilkinson TOD Overlay, Small Area Plans, Comprehensive Plan Updates. Manager recommends adding a second senior planner to assist with this goal.

## Public Safety

- North Belmont Public Safety Station

## Parks and Recreation

- Multiple projects, Continue improvements to existing parks

# CIP PROJECTS

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- General Fund Capital proposed at \$2,098,140 (13% of budget)
  - \$425,000 for vehicles and equipment
  - \$1,673,140 for capital improvement program projects
- Water and Sewer Capital proposed at \$2,053,443
  - \$476,720 for vehicles and equipment
  - \$1,576,723 for capital improvement program projects
- Stormwater Capital proposed at \$341,975
  - \$74,294 for vehicles and equipment
  - \$341,975 for capital improvement program projects

# GENERAL FUND CIP PROJECTS

CIP ID No.	Capital Improvement Expense Name	Current 2021 Value	Funding Source	FY21/22	FY22/23	FY23/24	FY24/25	After	Total Cost with Financing
								FY24/25	
<b>GENERAL FUND</b>									
PD-2018-14	Patrol Vehicles Replacement - Year 2022 / 2023	\$ 290,000	Loan - 5 Year Term		\$ 60,000	\$ 60,000	\$ 60,000	\$ 210,000	\$ 390,000
	Patrol Vehicles Replacement - Year 2023/ 2024	\$ 295,000	Loan - 5 Year Term			\$ 65,000	\$ 65,000	\$ 240,000	\$ 370,000
FD-2013-08	Heavy Rescue Vehicle	\$ 221,000	Grant & 5 Year Term	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
FD-2019-09	Self-Contained Breathing Apparatus	\$ 230,000	General Fund	\$ 115,000	\$ 115,000				\$ 230,000
FD-2019-12	Land Purchase for North District Public Safety Station	\$ 130,000	General Fund	\$ 115,000					\$ 115,000
	North District Public Safety Station	\$ 3,000,000	Loan	\$ 100,000	\$ 270,000	\$ 270,000	\$ 270,000	\$ 3,500,000	\$ 4,410,000
FD2019-10	Fire Rescue Boat Boathouse	\$ 20,000	General Fund			\$ 20,000			\$ 20,000
RD-2019-53	Security Cameras for City Parks and Properties	\$ 48,000	General Fund	\$ 48,000					\$ 48,000
RD-2003-02	Recreation Center (Design and Professional Services)	\$ 161,070	General Fund	\$ 161,070					\$ 161,070
RD-2003-02	Recreation Center (Debt Service Payment)	\$ 12,000,000	Loan- 25 Year Term	\$ 325,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 13,959,552	\$ 16,234,552
RD-2021-59	Stowe Park- Playground Solid Surfacing	\$ 100,000	General Fund	\$ 100,000					\$ 100,000
RD-2019-51	Stowe Park- Restroom Renovations	\$ 587,000	Loan-5 Year Term	\$ 65,500	\$ 131,000	\$ 131,000	\$ 131,000	\$ 196,500	\$ 655,000
RD-2018-47	Belmont Rowing Club Facilities	\$ 40,000	General Fund			\$ 40,000			\$ 40,000
RD-2011-20	Belmont Rail Trail	\$ 2,000,000	Grants & Loan	\$ 50,000	\$ 233,200	\$ 233,200	\$ 233,200	\$ 1,632,391	\$ 2,331,991
RD-2012-23	Abbey Creek Greenway	\$ 1,500,000	Loan- 20 Year Term	\$ 75,000	\$ 174,900	\$ 174,900	\$ 174,900	\$ 1,381,703	\$ 1,981,403
RD-2013-29	Davis Park Picnic Shelters	\$ 85,000	General Fund	\$ 85,000					\$ 85,000
RD-2021-58	Dog Park	\$ 71,000	General Fund	\$ 50,000					\$ 50,000
RD-2017-46	Kevin Loftin Riverfront Park- Splash Pad	\$ 239,000	General Fund	\$ 239,000					\$ 239,000
ST-2017-48	2021 Street and Sidewalk Program	\$ 1,250,000	Loan-5 Year Term	\$ 133,800	\$ 267,600	\$ 267,600	\$ 267,600	\$ 401,400	\$ 1,338,000
CE-2019-21	Belmont Transportation Study	\$ 83,000	General Fund	\$ 83,000		\$ 75,000			\$ 158,000
CE-2019-24	Downtown Parking Deck	\$ 8,000,000	Loan-20 Year Term			\$ 640,000	\$ 625,000	\$ 7,500,000	\$ 8,765,000
New Item	City Hall Interior Renovations after New Building	\$ 500,000	Loan- 10 Year Term		\$ 52,000	\$ 52,000	\$ 52,000	\$ 350,000	\$ 506,000
New Item	Ford Center Renovations after New Building	\$ 350,000	Loan- 10 Year Term		\$ 36,400	\$ 36,400	\$ 36,000	\$ 250,000	\$ 358,800
<b>Total Current 2021 Value</b>		<b>\$ 31,200,070</b>							
<b>General Fund Funding</b>				<b>\$ 1,205,370</b>	<b>\$ 115,000</b>	<b>\$ 135,000</b>			<b>\$ 1,455,370</b>
<b>Loan Funding</b>				<b>\$ 249,300</b>	<b>\$ 2,158,300</b>	<b>\$ 2,630,100</b>	<b>\$ 2,614,700</b>	<b>\$ 29,671,546</b>	<b>\$ 37,323,946</b>
<b>Total Year 1 Cost - Capital Reserve and Debt Service</b>				<b>\$ 1,454,670</b>	<b>\$ 2,273,300</b>	<b>\$ 2,765,100</b>	<b>\$ 2,614,700</b>	<b>\$ 29,671,546</b>	<b>\$ 38,779,316</b>

# WATER & SEWER CIP PROJECTS

CIP ID No.	Capital Improvement Expense Name	Current 2021 Value	Funding Source	FY21/22	FY22/23	FY23/24	FY24/25	After	Total Cost with Financing
								FY24/25	
<b>WATER AND SEWER FUND</b>									
WT-2011-20	North Belmont Booster Pump Station	\$ 350,000	Water/Sewer Fund	\$ 350,000					\$ 350,000
W-2017-33	East Belmont Fire Line Abandonment	\$ 228,000	Water/Sewer Fund						\$ 224,000
W-2016-27	Wilkinson Blvd. Water Main Replacement	\$ 103,000	Water/Sewer Fund						\$ 100,000
WT-2013-24	South Belmont 0.5 Million Gallon Elevated Storage Tank	\$ 2,541,000	Loan - 10 Year Term	\$ 304,920	\$ 292,215	\$ 279,510	\$ 266,805	\$ 1,697,550	\$ 3,141,000
WT-2010-18	South Belmont Booster Pump Station	\$ 731,000	Loan - 20 Year Term	\$ 171,840	\$ 164,680	\$ 157,520	\$ 135,240		\$ 808,280
WT-2018-31	Filter Renovations	\$ 666,000	Water/Sewer Fund	\$ 54,000	\$ 55,000				\$ 213,000
WT-2003-09	Raw Water Intake Emergency Generator Replacement	\$ 315,000	Loan- 5 Year Term	\$ 115,500	\$ 110,250				\$ 346,500
WT-2020-34	Parking Lot Paving at Water Treatment Plant	\$ 357,000	Water/Sewer Fund	\$ 357,000					\$ 714,000
WT-2021-43	Replace Handwheels & Sluice Gates at Intake	\$ 60,000	Water/Sewer Fund	\$ 60,000					\$ 594,750
WT-2021-40	Containment for Diesel Fuel Tanks	\$ 61,000	Water/Sewer Fund	\$ 61,000					\$ 61,000
WT-2021-49	Equipment- Maintenance Truck	\$ 96,000	Water/Sewer Fund	\$ 96,000					\$ 96,000
WW-2013-31	West - South - Southwest Outfall Improvements	\$ 411,000	Loan-5 Year Term	\$ 98,640	\$ 98,640	\$ 98,640	\$ 98,640		\$ 505,310
WWT-2020-39	Equipment- Sewer Vac Truck	\$ 390,000	Water/Sewer Fund			\$ 390,000			\$ 715,000
WWT-2020-37	Cardinal Court Sewer Rehabilitation	\$ 87,000	Water/Sewer Fund	\$ 87,000					\$ 87,000
WWT-2020-38	Volk Street Sewer Upgrade	\$ 346,000	Water/Sewer Fund		\$ 346,000				\$ 313,000
WWT-2021-37	New Piping and Guide Rails in Multiple Pump Stations	\$ 74,000	Water/Sewer Fund	\$ 74,000					
WWT-2021-35	Clay Pump Station Upgrades	\$ 112,000	Water/Sewer Fund		\$ 112,000				
WWT-2013-26	Pump Station and Force Main to Charlotte Water Facilities	\$ 9,156,000	Loan- 20 Year Term				\$ 904,970	\$ 8,251,030	\$ 9,156,000
	<b>Total Current 2021 Value</b>	<b>\$ 16,084,000</b>							
				<b>Capital Funding</b>	\$ 1,139,000	\$ 513,000	\$ 390,000		\$ 2,042,000
				<b>Loan Funding</b>	\$ 1,100,900	\$ 665,785	\$ 535,670	\$ 1,138,850	\$ 9,948,580
				<b>Total Year 1 Cost - Capital and Debt Service</b>	\$ 2,239,900	\$ 1,178,785	\$ 925,670	\$ 1,138,850	\$ 9,948,580
									\$ 15,431,785





# STORMWATER CIP PROJECTS

CIP ID No.	Capital Improvement Expense Name	Current 2021 Value	Funding Source	FY21/22	FY22/23	FY23/24	FY24/25	After	Total Cost with Financing
								FY24/25	
<b>STORMWATER FUND</b>									
SW-2018-43	Myrtle Street Drainage Improvements	\$ 72,000	Stormwater Fund	\$ 72,000					\$ 93,000
SW-2016-36	Watson St.-Crawford Poag St.- Pratt St. Drainage Improvemen	\$ 43,000	Stormwater Fund	\$ 43,000					\$ 84,000
SW-2010-41	Equipment- Street Sweeper	\$ 298,000	Loan- 3 Year Term		\$ 114,233	\$ 109,267	\$ 104,300		
SW-2010-12	Lakeview Drive Drainage Improvements	\$ 271,000	Loan- 3 Year Term	\$ 271,000					\$ 371,000
	<b>Total Current 2021 Value</b>	<b>\$ 684,000</b>							
				<b>Capital Funding</b>	\$ 386,000	\$ -			<b>\$ 386,000</b>
				<b>Loan Funding</b>		\$ 114,233	\$ 109,267	\$ 109,267	<b>\$ 332,767</b>
				<b>Total Year 1 Cost - Capital and Debt Service</b>	\$ 386,000	\$ 114,233	\$ 109,267		<b>\$ 609,500</b>

# DEBT SERVICE

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- ① City Council debt management policy limits the percentage of the general fund revenues to serve debt at 12%.
- ① Proposed general fund budget has debt service at **9%** of revenues.
- ① Total debt service is proposed at \$1,421,215. It includes current debt obligations and proposed debt payment for new \$12 million recreation center and a \$1.25 million paving and sidewalk program.
- ① Water and Sewer debt service is proposed at **7%** of revenues. The policy limits this debt service to 25% of water and sewer revenues.
- ① Stormwater debt service is proposed at **17%** of revenues. The policy limits this debt service to 25% of stormwater revenues.

# PERSONNEL AND SALARY STUDY

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- 🌐 In 2017, city council approved first salary study in 15 years. Belmont was far behind the local market. Decided to revisit every 3-4 years to stay current. Did not do one last year due to COVID.
- 🌐 Debra Brown conducted an update to salary study this year. We are close to market for supervisory and department head level positions. We are below the market for front-line positions.
- 🌐 Proposed budget brings all positions to the minimum salary of new salary grades. Employees at or above the minimum salary of their grade would receive a 2% COLA. All employees who are eligible could receive up to 3% merit increase, based on performance evaluation.
- 🌐 The previous COLA's and merit pay has helped keep Belmont close to the local government labor market since 2017.

# PERSONNEL AND SALARY STUDY

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- ① Department heads have requested 13 new general fund positions and 3 new water and sewer fund positions.
- ① The city manager is only recommending one new position, a second senior planner in the planning and zoning department, to assist with our growth management concerns.
- ① New positions will be needed in the coming years to respond to larger area and population as we grow.

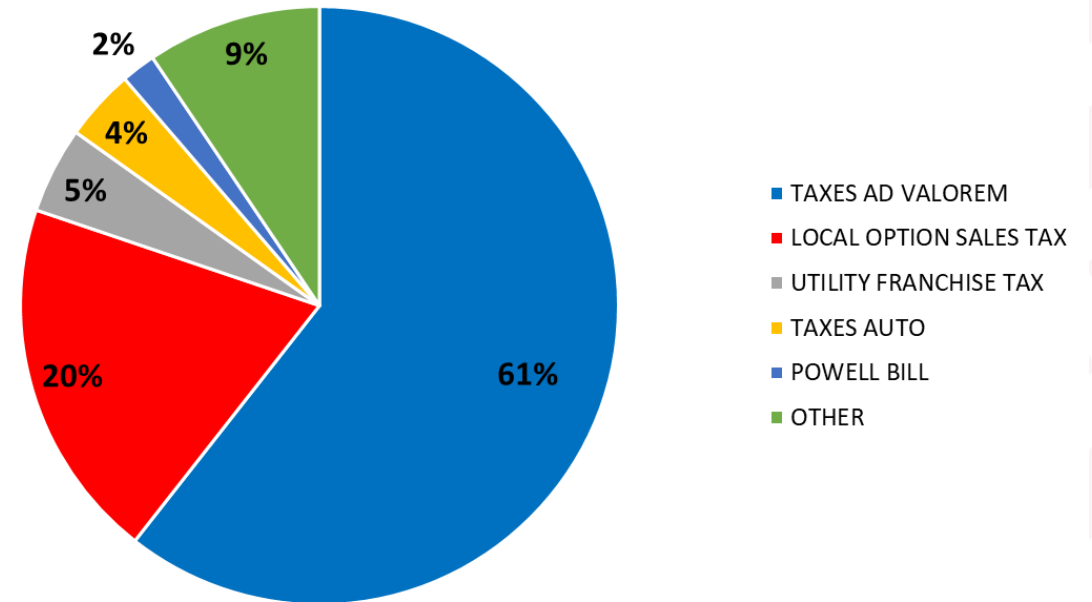
# OVERVIEW OF PROPOSED FY 2021-2022 BUDGET



# GENERAL FUND REVENUE PROJECTIONS

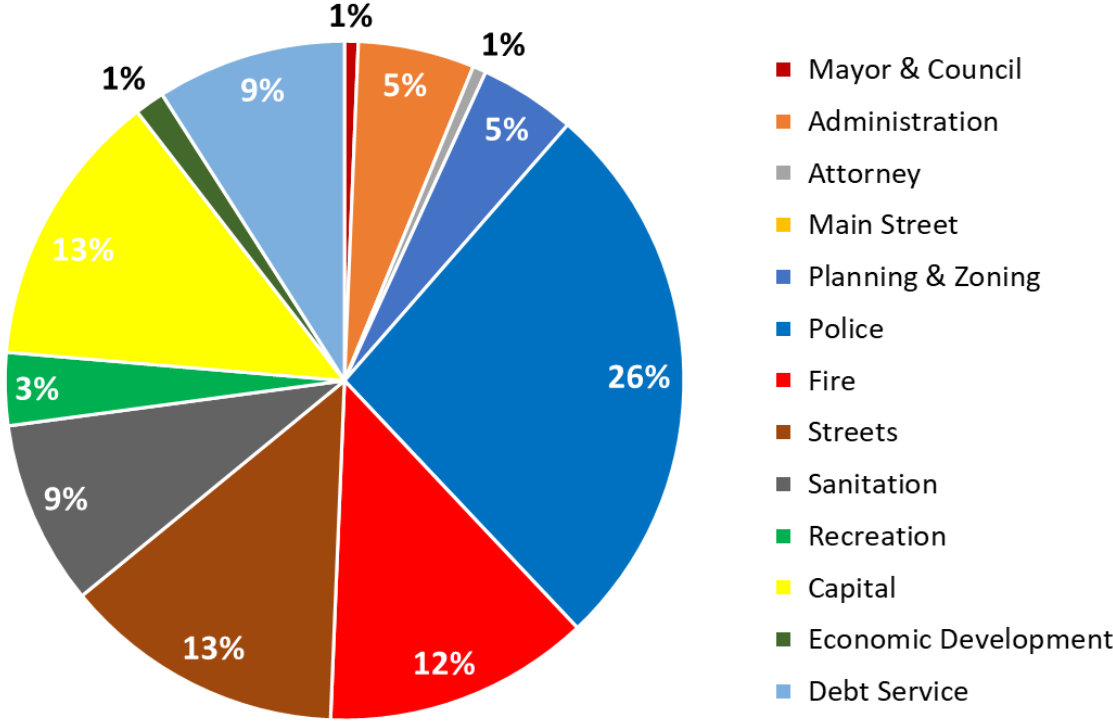
- Ad Valorem Revenue is projected at \$9,743,794 (11% higher than FY21 budget).
- Sales Tax Revenue is projected at \$3,150,000 (19% higher than FY21 budget).
- Solid Waste Fee Revenue is projected at \$504,000 (assumes keeping \$7 monthly fee, which would cover 36% of costs).

General Fund Revenue Sources

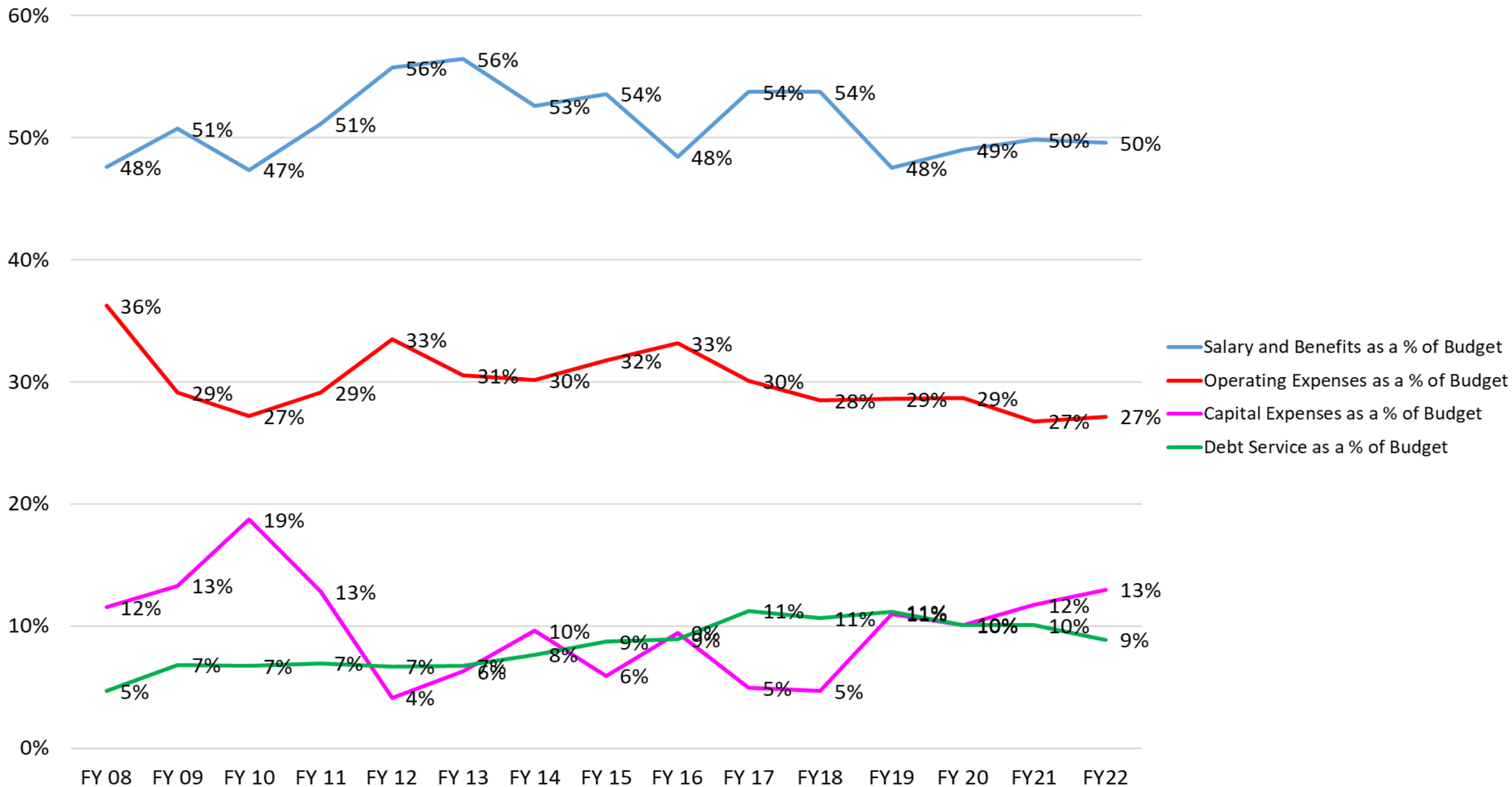


# GENERAL FUND EXPENDITURE PROJECTIONS

- Total revenue and expenditures are projected at \$16,081,052.
- The percent of the budget going to each department/area is roughly the same as this year.
- Capital is at 13% of the budget, and debt service is at 9%.
- Personnel costs remain at 50% of general fund budget, 41% of water and sewer budget, and 18% of stormwater budget.



# Functional Areas of General Fund Budget 2008-2022

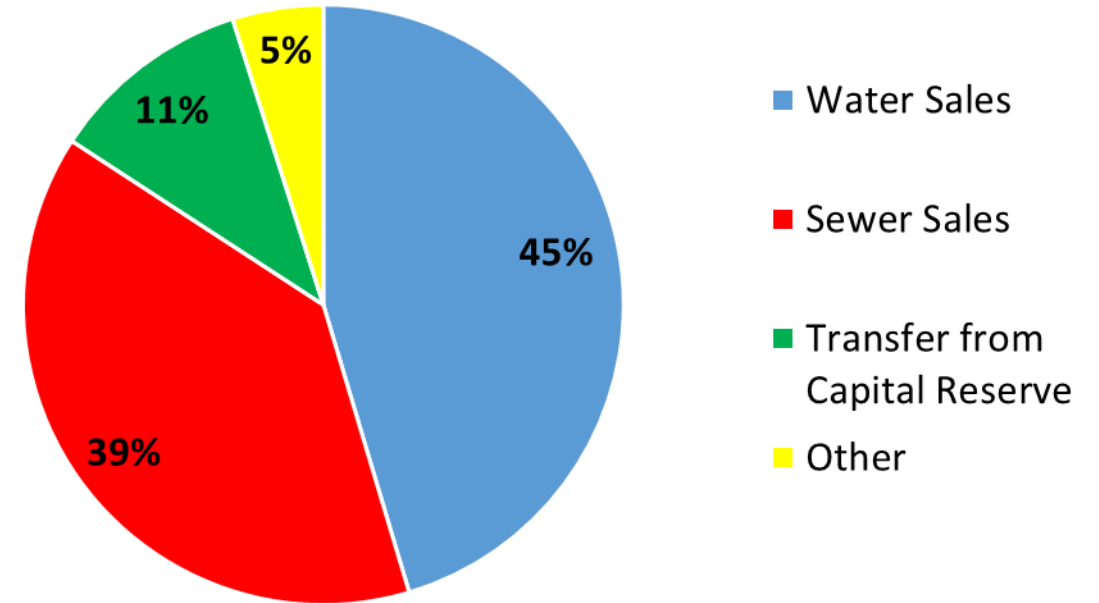




# UTILITY FUND REVENUE PROJECTIONS

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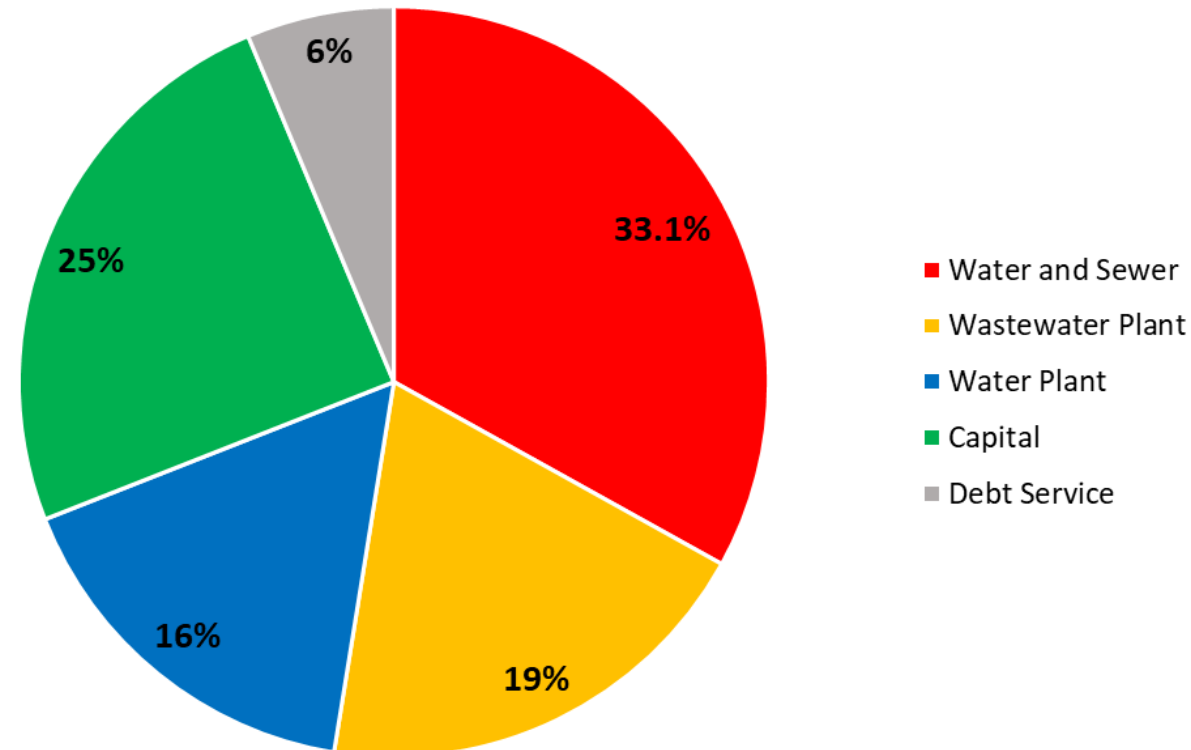
- Water and sewer rates unchanged.
- Water Sales is projected at \$4,158,534 (6% higher than current year).
- Sewer Sales is projected at \$3,556,075 (5% higher than current year).
- To pay for capital projects, \$1 million is budgeted from capital reserve, down from \$2 million this year.



# UTILITY FUND EXPENDITURE PROJECTIONS

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- 🌀 The Water & Sewer Department budget is \$2,989,220 (7% decrease from the current year).
- 🌀 The Wastewater Treatment Plant budget is \$1,996,060 (5% higher than current year).
- 🌀 The Water Treatment Plant budget is \$1,532,317 (5% decrease from the current year).



# STORMWATER FUND PROJECTIONS

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- Stormwater fee remaining at \$5 per month brings will bring in an estimated \$842,518. This is a 5% increase based on growth.
- Personnel costs are 18% of this fund.
- Operating costs are 15% of this fund.
- Debt Service costs are 17% of this fund.
- Capital costs are 49% of this fund.

# PROPERTY TAX RATE DISCUSSION

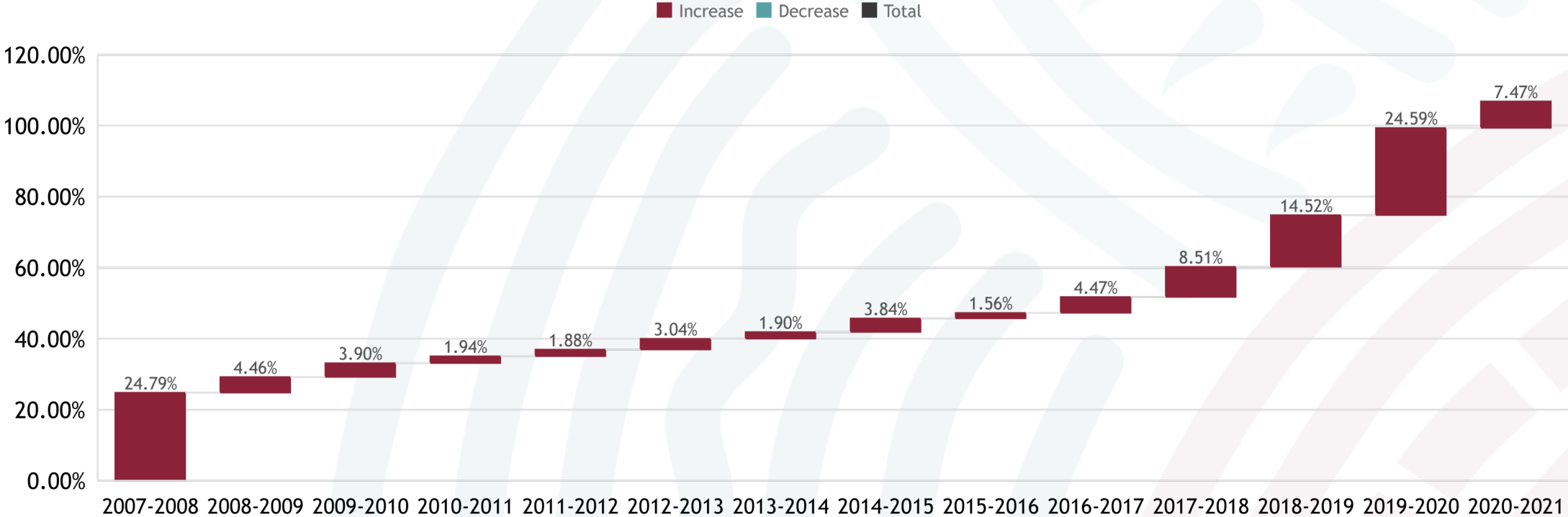
# AD VALOREM TAX RATE DISCUSSION

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- ④ As stated earlier, the city council approved an ad valorem tax rate increase in 2018 of \$0.04 per \$100 of valuation, increasing the rate from \$0.475 to \$0.515 per \$100 of valuation.
- ④ This rate increase was part of the five-year budget plan. The increased tax rate and the increase in the projected annual tax base growth rate from 3% to 4% was designed to fund the general fund CIP projects and to help set Belmont up for success in a growth environment.
- ④ We are now four years into the five-year plan, so it is time to assess our plan.

# BELMONT AD VALOREM COLLECTION 2007-2021

Growth in Property Tax Collection 2007-2021



# CONTINUED GROWTH PROVIDES OPTIONS

- Financial plan based on 4% annual growth in the tax base.
- We have outperformed this assumption over the past five years.
- Your financial plan has worked, and it is ahead of revenue projections.
- Given our performance, you can reduce the tax rate to \$0.50 per \$100 in valuation and still meet all your goals.
- Reducing it lower than \$0.50 would require a major reduction in capital projects since the recreation center is so expensive.

January 2020 Tax Base	\$ 1,745,998,963
2020 Permit Values	\$ 146,000,000
2021 Tax Base	\$ 1,891,998,963
Total/100	\$ 18,919,989.63
Revenue Per Penny	\$ 189,199.90
\$0.515 Tax Rate	\$ 9,743,794.66
\$0.50 Tax Rate	\$ 9,459,994.82
Difference in Revenue	\$ 283,799.84

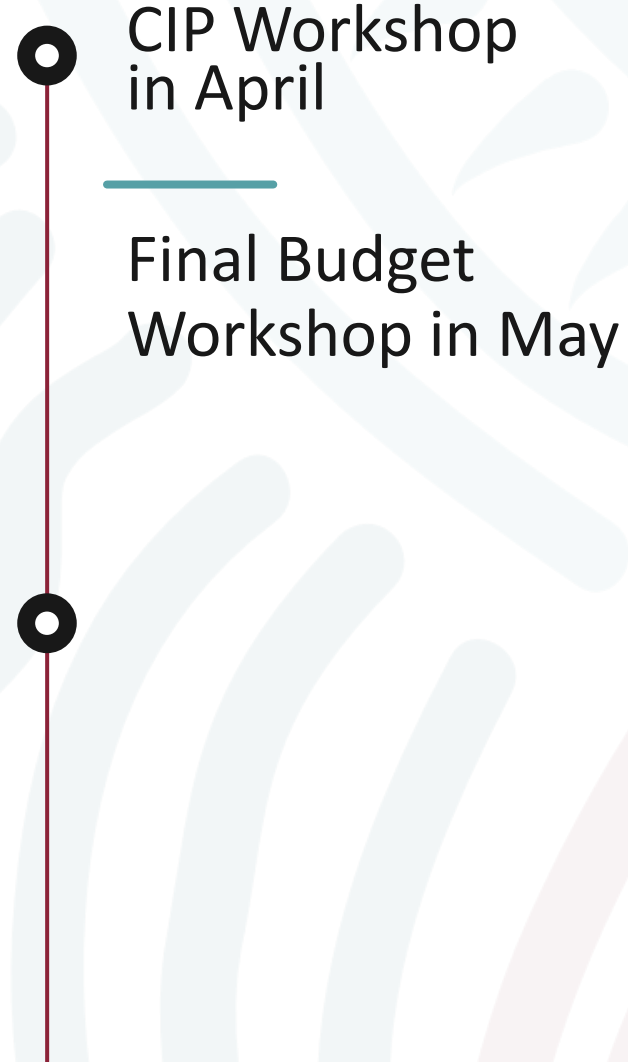
# CONTINUED GROWTH PROVIDES OPTIONS

- The table on the right shows the Belmont tax bill with the current \$0.515 tax rate and a \$0.50 tax rate on various property tax values.
- Most of our housing stock is valued at \$350,000 and below. Many of our new houses begin at \$350,000.
- If you reduce the tax rate, then we will do fewer capital projects each year. However, we can still do the priority infrastructure, parks and recreation, and public safety projects identified in your goals.




Property Tax Value	Tax Bill at \$0.515	Tax Bill at \$0.50	Difference
\$ 100,000	\$ 515.00	\$ 500.00	\$ 15.00
\$ 150,000	\$ 772.50	\$ 750.00	\$ 22.50
\$ 200,000	\$ 1,030.00	\$ 1,000.00	\$ 30.00
\$ 250,000	\$ 1,287.50	\$ 1,250.00	\$ 37.50
\$ 300,000	\$ 1,545.00	\$ 1,500.00	\$ 45.00
\$ 350,000	\$ 1,802.50	\$ 1,750.00	\$ 52.50
\$ 400,000	\$ 2,060.00	\$ 2,000.00	\$ 60.00
\$ 500,000	\$ 2,575.00	\$ 2,500.00	\$ 75.00
\$ 750,000	\$ 3,862.50	\$ 3,750.00	\$ 112.50
\$ 1,000,000	\$ 5,150.00	\$ 5,000.00	\$ 150.00
\$ 1,250,000	\$ 6,437.50	\$ 6,250.00	\$ 187.50
\$ 1,500,000	\$ 7,725.00	\$ 7,500.00	\$ 225.00



# NEXT STEPS



# SUMMARY

-  Your financial plan is working.
-  Tax base growth has outpaced population growth, so new growth is a net contributor to the budget.
-  You can meet your goals with either a \$0.515 or \$0.50 tax rate.

# BELMONT



MANY THREADS, ONE COMMUNITY