

FY 2022-2023 BUDGET WORKSHOP #1

April 11, 2022



PRESENTATION OVERVIEW

- ④ Recent Budget History
- ④ FY 2022-2023 Budget Preparation Process
- ④ FY 2022-2023 Budget Discussion
 - Proposed budget for general fund, water and sewer fund, and stormwater fund
 - Feedback from Mayor and City Council
 - Discussion from department heads and staff
- ④ Next Steps

RECENT BUDGET HISTORY

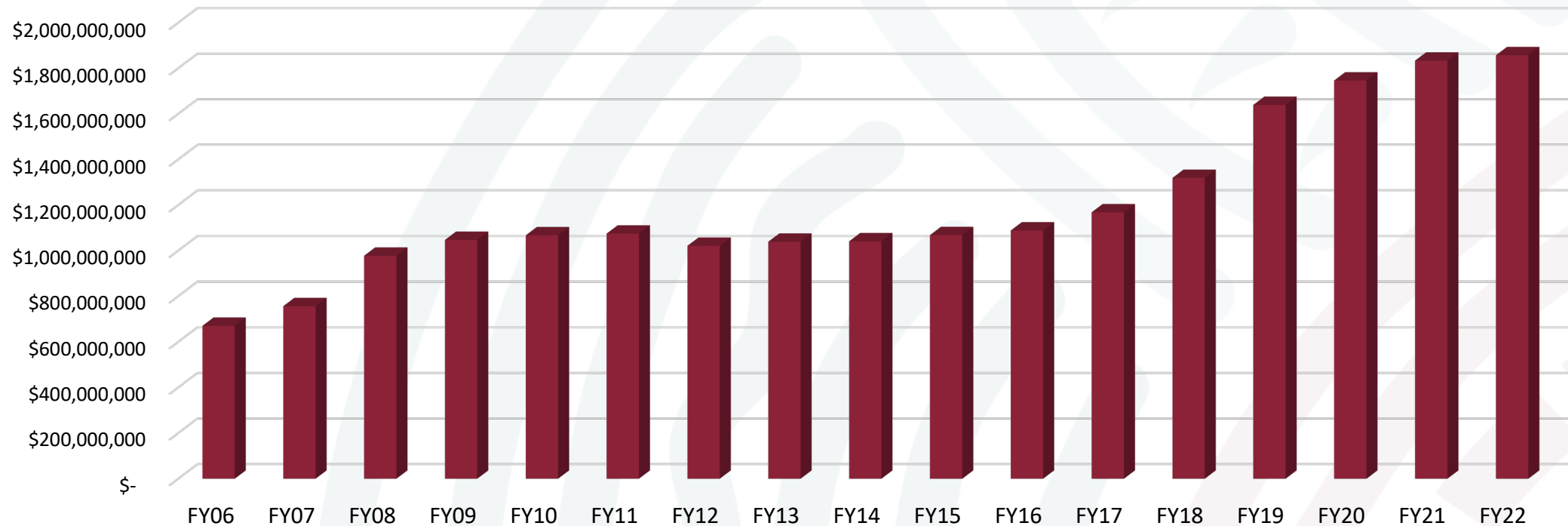
How did we get here?

2016 TO PRESENT

- City Council had concerns about the lack of capital funding.
- Property tax rate stable at \$0.475 between FY2007-2008 and 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
 - Increase in property values was 24% in Belmont and across county.
- COVID-19 uncertainty reduced revenue projections for FY2020-2021.
- Increased sales tax revenue has been pleasant surprise

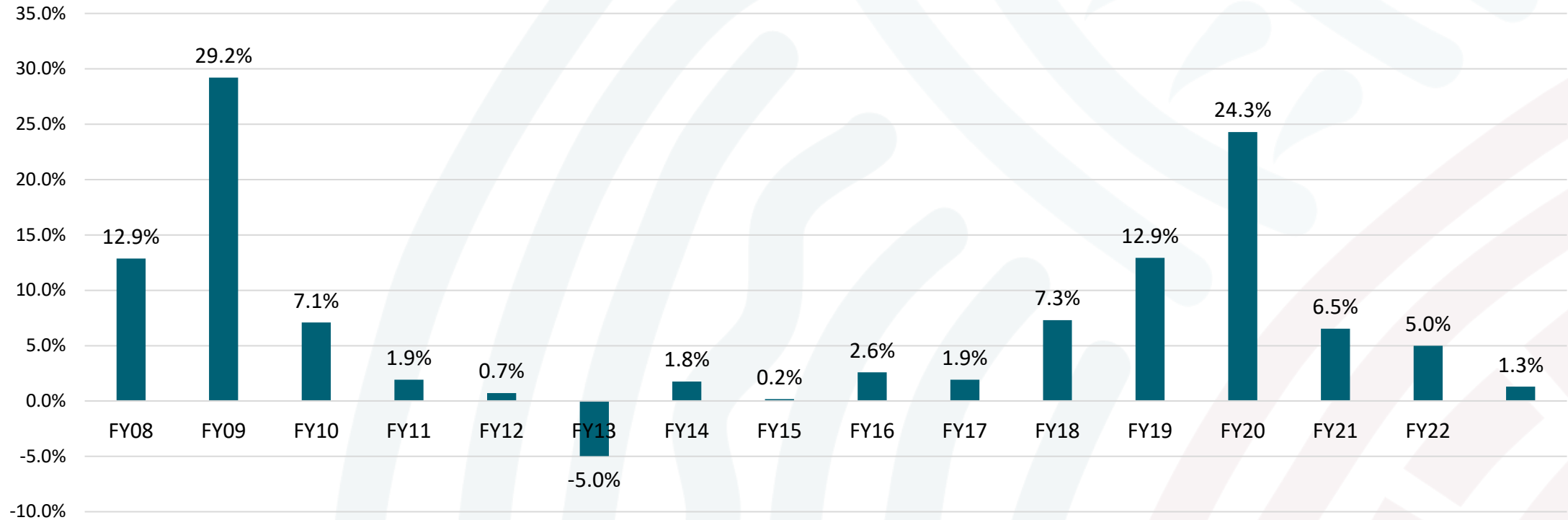
BELMONT TAX BASE 2006-2022

Property Tax Valuation



BELMONT TAX BASE 2006-2021

Change in Tax Valuation Over Prior Year



FY 2022-2023 BUDGET PREPARATION

Kevin Krouse

FY 2022-2023 BUDGET DISCUSSION

VISION STATEMENT

Belmont will be a vibrant, multi-generational community that incorporates small-town charm and heritage with an entrepreneurial spirit.






MISSION STATEMENT

City of Belmont provides visionary leadership and high-quality city services to create a community of choice for our residents, visitors, and employees.

CORE VALUES

- Uphold the Professionalism and Ethics Expected of Elected Officials
- Practice Mutual Respect Towards Fellow Council Members and City Staff
- Lead with Honesty, Vision and Responsibility
- Maintain Balance and Open-mindedness in Executing Duties
- Demonstrate Fairness and Accountability to All Residents and Stakeholders of Belmont

CITY COUNCIL GOALS

-  **Transportation**
 - Develop a multimodal transportation network that improves access, reduces congestion, and offers different mobility choices
-  **Infrastructure**
 - Invest and maintain infrastructure to support continuing growth
-  **Growth Management/Balanced Growth**
 - Manage growth to support economic and community development in line with the City's vision
-  **Public Safety**
 - Continue providing the highest level of police, fire, and emergency medical services for the citizens of the City of Belmont
-  **Parks and Recreation**
 - Provide programs and facilities that engage and support multiple generations

**OVERVIEW OF
PROPOSED
FY 2022-2023
BUDGET**

BIG PICTURE OVERVIEW

- ① No change in property tax rate, solid waste fee, water/sewer rates, stormwater fee
- ① Inflation has huge impact to budget
 - Cost of materials, projects, supplies, chemicals, fuel increased
 - Latest CPI from February 2022 is 7.9% increase over last year
 - COLA of 7.9% recommended (no merit to make up for this)
 - Fee schedule increase of 7.9% to cover these costs
 - Health insurance cost decreased 3%
- ① New employee requests to better deliver services to residents and customers

PROPOSED FY2022-2023 OVERVIEW

General Fund

- Overall total is \$18,953,375, an increase of \$2.7 million over the FY 2021-2022 adopted budget. Difference is primarily due to \$1 million of ARPA funding and \$1.2 million in additional sales tax estimated due to recent performance. Property tax revenue projected to be flat from current adopted budget due to current year's performance and only 1.3% increase to tax base.
- For expenditures, inflation has increased multiple operational line items for fuel, supplies, materials, and travel. Debt service increased to account for \$1 million paving program and recreation center. Capital investments are flat.
- To keep up with the CPI, salaries are recommended to increase 7.9%. This would be implemented as a COLA on July 1. We will forego merit increases to help pay for this. Health insurance costs decreased by 3% as well.

PROPOSED FY2022-2023 OVERVIEW

Water and Sewer Fund

- Overall total is \$9,778,382, an increase of \$615,657 over the FY 2021-2022 adopted budget. Water and sewer rates are unchanged. Difference is not budgeting a transfer from capital reserve (\$2 million this year) and instead budgeting \$1 million in ARPA funding.
- For expenditures, inflation has increased multiple operational line items for fuel, supplies, materials, and travel. Debt service increased slightly. Capital investments decreased slightly.
- To keep up with the CPI, salaries are recommended to increase 7.9%. This would be implemented as a COLA on July 1. We will forego merit increases to pay for this. Health insurance costs decreased by 3% as well.

PROPOSED FY2022-2023 OVERVIEW

Stormwater Fund

- Overall total is \$770,220, a decrease of \$72,318 or 9% over the FY 2021-2022 adopted budget. The stormwater fee is unchanged. Revenue estimate is based on current year performance.
- For expenditures, inflation has increased multiple operational line items for fuel, supplies, materials, and travel. Debt service increased slightly. Capital investments decreased slightly.
- To keep up with the CPI, salaries are recommended to increase 7.9%. This would be implemented as a COLA on July 1. We will forego merit increases to pay for this. Health insurance costs decreased by 3% as well.

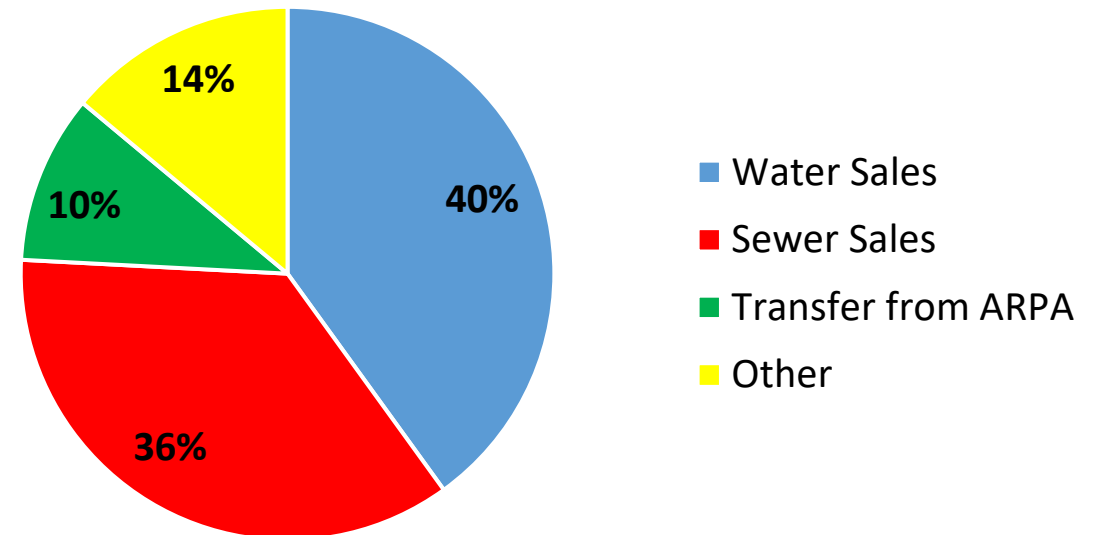
DEBT SERVICE

- ④ City Council debt management policy limits the percentage of the general fund revenues to serve debt at 12%.
- ④ Proposed general fund budget has debt service at **11.8%** of revenues.
- ④ Total debt service is proposed at \$2,233,287. It includes current debt obligations and proposed debt payment for new \$13 million recreation center and the \$1.1 million paving program.
- ④ Water and Sewer debt service is proposed at **7%** of revenues. The policy limits this debt service to 25% of water and sewer revenues.

GENERAL FUND REVENUE PROJECTIONS

- Ad Valorem Revenue is projected at \$9,745,000 (the same as the FY22 budget).
- Sales Tax Revenue is projected at \$4,379,000 (39% higher than FY22 budget estimate, but similar to the projected FY22 collection).
- Most revenue line items are similar to FY 2021-2022 levels.
- \$1 million of APRA funding is included to pay for capital projects

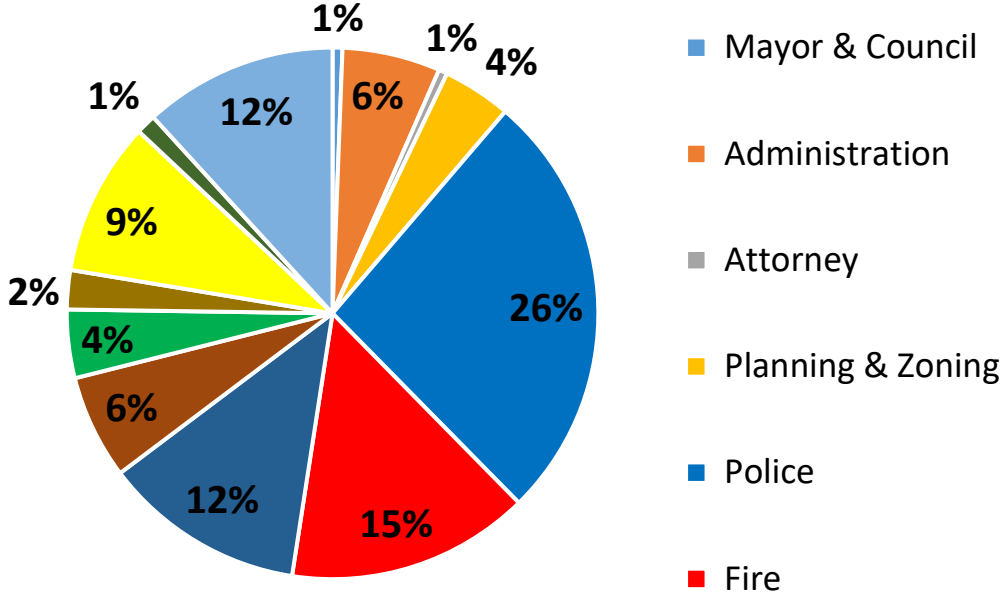
Water and Sewer Fund Revenue Sources



GENERAL FUND EXPENDITURE PROJECTIONS

- Total revenue and expenditures are projected at \$18,953,375.
- The percent of the budget going to each department/area is roughly the same as this year.
- Capital is at 9% of the budget, and debt service is at 11.8%.
- Personnel costs are at 52% of the general fund budget, 44% of the water and sewer budget, and 41% of the stormwater budget.

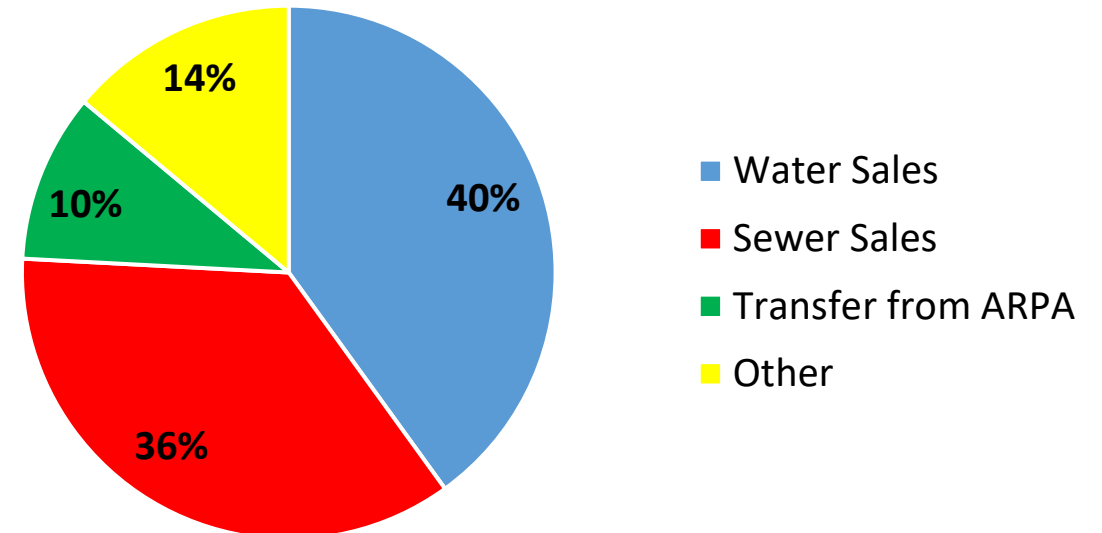
FY2022-2023 General Fund
Departmental Budgets



WATER AND SEWER FUND REVENUE PROJECTIONS

- Water and sewer rates unchanged.
- Water Sales is projected at \$3,915,000 (6% lower than current year).
- Sewer Sales is projected at \$3,500,000 (2% lower than current year).
- Decreases in water and sewer sales are due to coding in financial software.
- To pay for capital projects, \$1 million is budgeted from ARPA funds.

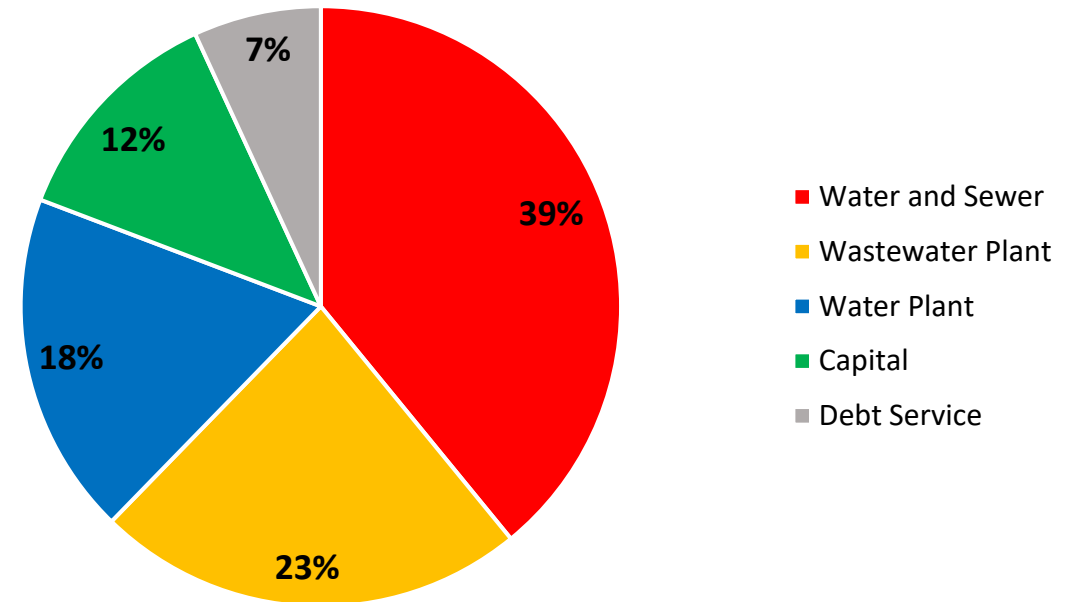
Water and Sewer Fund Revenue Sources



UTILITY FUND EXPENDITURE PROJECTIONS

- ① The Water & Sewer Department budget is \$3,821,997 (28% increase from the current year, primarily from professional services for grant projects).
- ① The Wastewater Treatment Plant budget is \$2,268,709 (14% higher than current year, due to higher costs of treatment processes).
- ① The Water Treatment Plant budget is \$1,808,908 (19% increase from the current year, due to higher costs of treatment processes).

Water and Sewer Fund Department Budgets



NEW EMPLOYEE REQUESTS

Department Heads

NEW EMPLOYEE REQUESTS- GENERAL FUND

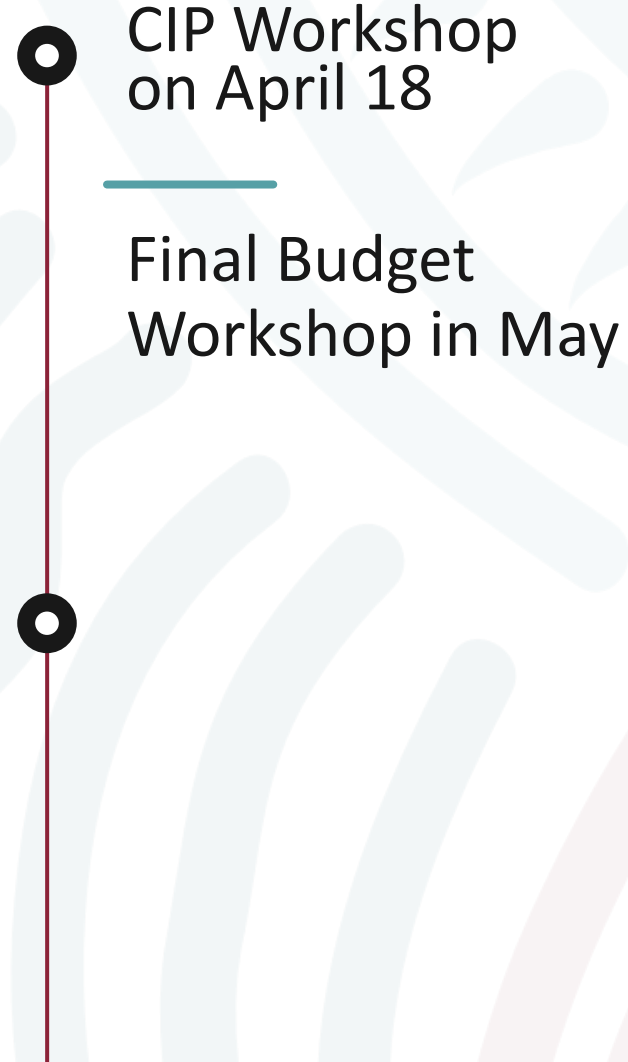
- 🌀 Police- 2 officers requested, 1 recommended
- 🌀 Fire- 3 firefighters requested, 0 recommended
- 🌀 Administration/Finance*- 1 accountant, 1 human resources specialist, & 1 customer service specialist requested, all recommended
- 🌀 Parks and Recreation- 1 recreation specialist & 1 recreation supervisor requested, both recommended
- 🌀 Streets- 2 maintenance technicians requested, both recommended

*These three positions are shared with W/S and Stormwater

NEW EMPLOYEE REQUESTS- WATER AND SEWER FUND

- ① Water & Sewer- 1 IT specialist requested, 1 recommended
- ① Water Treatment- 1 WTP operator & 1 senior utility maintenance mechanic requested, both recommended
- ① Wastewater Treatment- 1 WWTP operator & 1 utility maintenance technician requested, both recommended

NEXT STEPS



BELMONT

MANY THREADS, ONE COMMUNITY