



Budget Message
Recommended Budget FY2018 - 2019
April 20, 2018

Honorable Mayor Tripp and Town Commissioners
Town of Ayden, North Carolina

The recommended FY2018-2019 Budget for the Town of Ayden, North Carolina has been prepared in accordance with the N. C. Local Government Budget and Fiscal Control Act and General Statute 159-11 and is now submitted for your consideration. The recommended Budget identifies revenue and expenditure estimates for FY2018 – 2019 with the goal to maintain a continuum of quality services to the citizens of Ayden. This Budget is inclusive of all financial obligations, while all municipal services remain funded. Revenues are conservatively projected and expenditures realistically projected.

Summary

General Fund	\$ 4,691,381
Electric Fund	\$11,792,800
Water/Sewer Fund	\$ 2,871,000
Stormwater Fund	\$ 190,680
Rural Fire Fund	\$ 230,693
Library Trust Fund	\$ 1,000
Total:	\$19,777,554

The recommended Budget focuses on ensuring provision of Ayden’s core governmental services for FY2018-2019. The recently approved Economic Developer’s position,

construction of restrooms at Veteran's Park and police surveillance cameras, items identified as priorities from the Town Board's Feb. 24th Planning Retreat, are included in the Budget calculations as presented. Other new capital items/projects and program initiatives have been kept at an affordable level for the coming FY2018 – 2019. The recommended Budget does not contemplate increases in contributions to any outside agencies currently funded, nor any funding to additional outside agencies. Such funding is at the discretion of the Town Board.

Pay adjustments are included in this year's budget. Employee pay is adjusted by one of three methods - 2.2% COLA adjustment(based on current CPI), pay progression increase or a salary grade adjustment. Employee receives whichever is the most. Some salaries are allocated differently, most notably our four (4) dispatcher positions are allocated completely to the police department. Employees whose salaries are double digit percentages below the market as noted in recent salary survey presented to the Town Board have been adjusted to be single digit percentages difference. Total cost of pay adjustment comes to \$169,146; i.e., 6.02% of the current payroll and .87% of the total budget. Adjustments to the police department payroll constitutes \$73,914 or 43.70% of the overall payroll increase for the Town. These salary adjustments in the Police Department do well in addressing our police pay as more competitive in the market.

This Budget also introduces a new enterprise fund for Stormwater; i.e., establishes the Town's Stormwater system as a self-sustaining enterprise in the same manner as our other utilities, i.e., electric and water/sewer, moving Stormwater fee revenues from the General Fund into this new Stormwater Fund. The establishment of our Stormwater system as a utility enterprise fund reflects its actual operations; i.e., a collection system of stormwater off adjacent properties. This is a standard practice in many municipalities across North Carolina. The Town Board recognized the utility aspect of the stormwater system when it instituted the stormwater fee in 2015.

In reevaluating allocation costs for administration among Towns funds, we have allocated 24% to General Fund, 60% to Electric Fund, 15% to Water/Sewer Fund and 1% to new Stormwater Fund. Previous allocations were 25% General, 50% Electric, and 25% Water/Sewer. These allocations are still accurately reflective our administrative costs.

Budget highlights of each of four (4) funds follows.

General Fund Revenues

Major sources of revenue remain generally the same. Fund balance appropriation is \$229,197. Includes payment of Utility Franchise Tax of \$571,645 and \$45,638 Payment in Lieu of Taxes, both from the Electric Fund. Note that Utility Franchise Tax is now based on the statutorily allowed five percent (5%) of gross annual electric sales rather than three (3%) of gross capital assets. The recommended fund balance appropriation of \$229,197 includes \$35,770 allocation against Economic Developer position costs and \$65,000 for restrooms at Veterans' Park.

The FY 2018-2019 Budget proposes remaining with our current tax rate of \$0.54 per \$100 valuation. In FY 2017-2018 the real property and vehicle valuation for the Town of Ayden was \$232,929,812. The FY 2018-2019 real property and vehicle valuation is \$236,677,906; we can estimate to collect \$1,280,000 property tax revenue. Collection rate through Pitt County Tax Collector's Office is an outstanding 98.64%.

General Fund Expenditures

The recommended budget reflects operational costs at accurate estimates. Certain expenses for events and activities (such as the Collard Festival) in the community, and within the Town organization (i.e, employee retirement luncheons and holiday meals) for which the Town has a practice of supporting/expending are reflected at accurate estimates in the recommended Budget.

This Budget does increase the Town's allocation for Martin Luther King, Jr. Day recognition activities from \$352 to \$600 following up the Town Board's discussion earlier this year with regard to the Town having a more formal role in this recognition.

For FY18-19, we have budgeted \$30,000 under code enforcement for contracting out the cutting of private lots in violation of the Town's public nuisance codes, billing the property owners for this cost. This will free Town Street crews to tend to Town needs; i.e., street maintenance, stormwater maintenance, etc.

General Fund FY 18/19 Capital

- Police - Radios - \$80,000 – accomplished through a loan
- Surveillance cameras - \$80,000 – looking for grant for these
- Fire – Down payment on new Truck- \$50,000
- Streets – Two Mowers - \$16,000

Enterprise Funds

Water & Sewer Fund

Neuse Regional Water and Sewer Authority water rate remains unchanged with a total annual cost of \$567,000. CMSD treatment cost is budgeted at \$856,829, down from the \$982,114 budgeted in the current fiscal year; a savings of \$125,285. Coupled with the new allocation of administrative costs, there is no fund balance appropriation in the Budget as presented.

Water & Sewer Fund FY 18/19 Capital

\$60,000 Supervisory Control and Data Acquisition(SCADA) electronic system for remote monitoring of levels in elevated tanks and remote operation of wells during emergencies; currently this can only be accomplished through onsite visits.

\$13,750 for 50% of the costs for paving and security cameras at the Operations Center. Additionally, rental of a Thompson Pump with option to buy and recorded as a contract.

Sanitary Sewer I&I Project Ordinances

We have the following funding for Sanitary Sewer Inflow & Infiltration Projects:

Clean Water State Revolving Fund: \$1,550,000 loan

N. C. State Water Infrastructure Authority: CDBG \$968,000 grant

Clean Water State Revolving Fund: \$500,000 grant & \$805,130 loan

U.S. Dept. of Agriculture: \$916,000 loan & \$784,000 grant

Electric Fund

No rate increase proposed for the Electric Fund. Purchased power costs of \$7,922,197 from the Power Agency for the upcoming fiscal year is covered by the fund's projected revenue. Purchased power costs, operational expenses, proposed capital outlay, Inter-Gov't Electric Franchise Tax and Payment in Lieu of Taxes are accommodated without need for any fund balance appropriation.

Currently the Town is paying some 1,400 electric customers a total of \$30,000 in a load management credit. This credit to the customer reflects load management devices installed over a decade ago on water heaters and/or air conditioners, however, in 2008 the Town administration discontinued triggering these devices due to a reported loss and no replacement of the staff person assigned to operate the system. The \$30,000 in credits, however, have continued to be paid. Many of the devices are no longer in place, or due to age and/or disuse no longer functional. As the devices no longer provide any electric load management benefit to our system costs, the Budget reflects discontinuing the credit. Plans for re-instituting this load management system have been/will be pursued.

Electric Fund FY 18/19 Capital

- Remodel of Teller Line in Town Hall - \$20,000
- Four pole replacements on Hwy 11 - \$240,000
- Trencher - \$105,000
- Two pickups - \$49,500
- Equipment Trailer - \$13,500
- Mini Excavator - \$42,000
- 50% of the costs for paving and security cameras - \$13,750

Note that the two replaced pickups will be transferred to Planning and Recreation, respectively. The trencher and min-excavator are also available for use by Streets and Water/Sewer operations on an as need basis.

Electric Fund Weyerhaeuser Generation Project Ordinance

The approximate \$1,000,000 electric generator project for the Weyerhaeuser generator site will be placed in a Project Ordinance to be used for the depositing and expending of the funds for this project.

Stormwater Fund

We are proposing an increase in the Residential stormwater fee of an additional \$2.50 a month, taking it to \$6.00 per month and for Commercial an additional \$4 per month, taking it to \$10 per month. These increases will help to insure the self-sustaining of this new enterprise fund and will generate additional revenue of \$82,024 for stormwater system maintenance and improvements. The current rates of \$3.50 and \$6.00 to residential and commercial property, respectively, only generate enough revenue to cover the overhead costs of stormwater system maintenance. Note, also, that the stormwater fee is being paid by all property in the Town already, to include churches and the two schools, however, the fee has not been charged against Town owned property – this Budget includes Town owned property paying the recommended \$10 Commercial stormwater fee, as it does the other three utilities, Electric, Water and Sanitary Sewer.

Storm Water Project Ordinances

We have the following funding for Stormwater Projects using grants from the N.C. Disaster Recovery Act:

Montclair Estates: \$153,000

Westhaven Subdivision: \$187,000

2nd Street/Pitt Street/1st Street/MLK, Jr. Street block: \$266,000

Ayden Housing Authority FY2018-2019

Recommended AHA annual budget is included in this budget submittal.

PUBLIC HEARING

The recommended FY2018-2019 Budget for the Town of Ayden has been presented to Town Commissioners. A draft copy is available for public inspection at Town Hall, 4144 West Avenue Ayden NC, from 9 am to 5 pm weekdays. In accordance with N.C.G.S. § 159-12(b) there will be a public hearing at the May 7, 2018 Regular Meeting of the Town Board, at 7:00 pm, at the Ayden Town Hall. Any person wishing to make comments may do so at that time.

The adoption of the final approved FY2018 – 2019 Budget Ordinance is projected for the June 11, 2018 Regular Meeting of the Town Board, at 7:00 pm, at the Ayden Town Hall.

Respectfully Submitted,

Steven L. Harrell
Town Manager