



**City Council
FY 19-20 Proposed Budget
Preliminary Presentation**

TODAY'S OBJECTIVES

- Review preliminary budget recommendations
- Address questions & concerns
- Formulate final budget proposal to be presented to City Council – 6/4/19



Challenges & Opportunities - 1

- Balancing with **no property tax rate increase** while maintaining the same level of service for the citizens
- Inflation
- Increasing costs of personnel expenses (health insurance, merit increases, retirement system)



Challenges & Opportunities - 2

- Proactively maintaining City facilities, replacing aging fleet & equipment (big-ticket items). Wise to stay ahead...
- Sales tax growth & reliability is strong for FY 19-20
 - Appreciative of Legislature's current sales tax structure
 - With continued strong retail economy & no regulatory changes – this is fueling the City's major revenue growth to continue service provision



Challenges & Opportunities - 3

- Provision for merit-based pay adjustments.
- Implementation of Year 3/3 pay & class plan (PTRC)
- Increase in Building Permit Rates to offset annual costs of SmartGov software - service improvement (~\$70,000)



Challenges & Opportunities - 4

- **New Positions:**
 - **Sanitation**
 - Sanitation Equipment Operator III
 - **Recreation**
 - Recreation Horticulture Specialist
 - **Economic Development**
 - Economic Development Project Manager



GENERAL FUND

- Police
- Fire
- Recreation & Parks
- Administration
- Legal
- Public Works
- Inspections
- Transportation
- Economic Development
- Animal Services
- Information Technology
- HR/Health Services
- Finance
- Engineering
- Planning
- Community Engagement
- Debt Service



GENERAL FUND BUDGET

HIGHLIGHTS

- Proposed Budget of \$59, 297,140
- **No property tax increase** – keep same rate of \$.5973 per \$100 valuation
- Funding increase for health insurance (~\$400,000)
- Mandated retirement system increase (~\$331,000)
- Merit salary adjustment (2%)
- 3 new positions
- Capital replacement & improvement program
- Link Transit subsidy increase - end of state grant (~\$154,000)



SNAPSHOT - REVENUES

Revenues:

- Growth in projected Property Tax revenue due to new development
- Growth in projected Sales Tax revenues due to consumer activity
- Building permit revenues rising with economy + fee increase to offset SmartGov software



SNAPSHOT - EXPENDITURES

Expenditures:

- All departments asked to submit **limited growth budget**. Minimal new items/programs – asked to show offsetting cuts or revenue enhancement.
- **Notable increases:** new positions, merit-based pay adjustments (2%), health insurance funding, mandated retirement contribution increase, maintenance & service contracts, OPEB funding, and utilities



EMPHASIS IN GENERAL FUND 1

- Provide outstanding day to day City services
- Commitment to improve neighborhoods throughout the City
 - Community Improvement Program (CIP) - proactive code enforcement
 - Youth Solutions Coordinator – kicking off in May 2019
 - Direct service staff added in sanitation & park maintenance (Willowbrook Park)
 - Economic development momentum is building (*Anthony Road – Site #2 & #3, *Western Electric SDAT Plan, *Renew Maple Avenue Corridor Study, *Downtown Initiatives – DFI)
 - Policing strategies – maintaining national accreditation standards, staying connected in community, robust training, smart equipment
 - New animal shelter – more efficient & effective services & outcomes
 - Burlington Connected – address concerns quickly



EMPHASIS IN GENERAL FUND 2

▪ Major Infrastructure & Capital

- Rear load (small) garbage truck \$ 100,000
- Sideloader truck \$ 300,000
- Fire truck (50%) \$ 275,000
- 14 Police cars \$ 627,732
- Street resurfacing \$ 900,000
- Computer hardware \$ 428,000
- Greensboro fiber connection \$ 250,000
- Fairchild stadium-regrade outfield \$ 235,000
- Fairchild -new roof \$ 210,000



GENERAL FUND BUDGET FY 19-20

CITY OF BURLINGTON

2019-2020 ANNUAL BUDGET GENERAL FUND - REVENUES

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT</u>
Real Property Taxes	\$26,503,779	44.7%
Vehicle Taxes	2,570,022	4.3%
State Shared Taxes	5,702,054	9.6%
Cable TV Franchise Tax	350,000	0.6%
Sales Tax	13,824,304	23.3%
Interest on Investments	500,000	0.8%
Privilege Licenses	2,000	0.0%
Permits	1,029,900	1.7%
Sanitation Fees	1,400,000	2.4%
Animal Shelter Fees	1,075,145	1.8%
Recreation Fees	2,216,150	3.7%
Miscellaneous Revenues	2,357,800	4.0%
Cemetery Fees	119,000	0.2%
Fund Balance Appropriated	1,646,986	2.8%
Total General Fund	<u>\$59,297,140</u>	<u>100.0%</u>

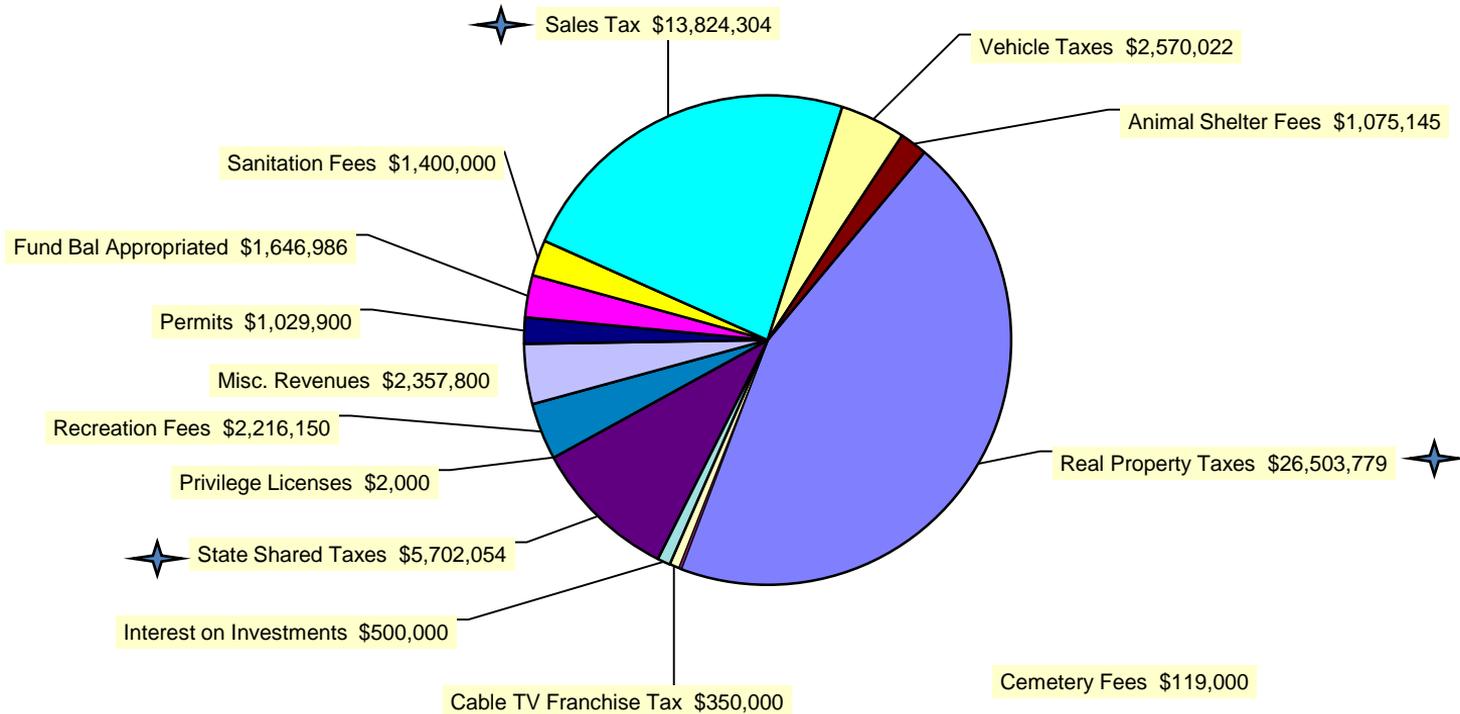
CITY OF BURLINGTON

2019-2020 ANNUAL BUDGET GENERAL FUND - EXPENDITURES

<u>DEPARTMENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
Administration	\$ 1,278,369	2.2%
Economic Development	243,580	0.4%
Finance & Risk Management	1,550,928	2.6%
Information Technology	1,585,304	2.7%
Legal	628,528	1.1%
Human Resources	894,421	1.5%
Planning/Gis	1,667,487	2.8%
Engineering	780,781	1.3%
General Admin/Building	1,881,327	3.2%
Police	16,930,268	28.5%
Animal Services	1,657,811	2.8%
Fire	8,834,136	14.9%
Public Works	8,698,041	14.7%
Inspections	812,439	1.4%
Trans/Traffic/Signs/Lighting	2,025,935	3.4%
Recreation	7,108,527	12.0%
Debt Service	2,719,258	4.6%
Total General Fund	<u>\$59,297,140</u>	<u>100.0%</u>

GENERAL FUND REVENUES

GENERAL FUND REVENUES 2019-2020 ANNUAL BUDGET



GENERAL FUND REVENUE SOURCES

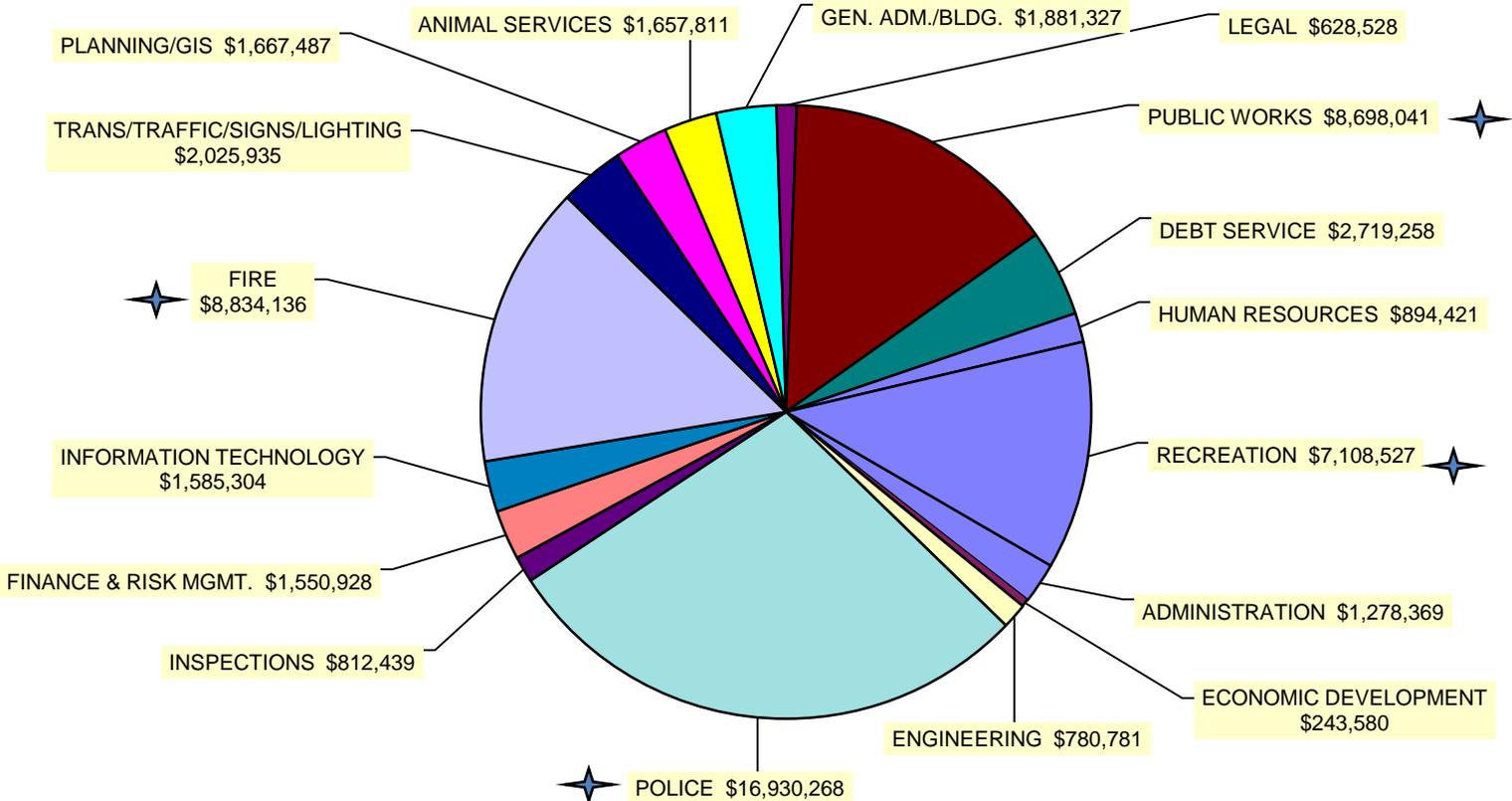
EXPLANATION OF SOURCES OF REVENUE

44.7%	Real Property Taxes	Property tax on real estate - individual & commercial
4.3%	Personal/Vehicle Taxes	Property tax on vehicles and personal property such as mobile homes, boats, unlicensed vehicles, etc.
9.6%	State Shared Taxes	This includes: (1) Powell Bill monies which are used for street repair, (2) franchise & excise taxes from power bills, telephone bills, etc., and (3) taxes on the sale of beer
0.6%	Cable TV Franchise Tax	Taxes on cable TV
23.3%	Sales Tax	Sales tax on items purchased in Alamance County distributed based on population
0.8%	Interest on Investments	Interest from available cash invested in investments like CDs, commercial paper, etc.
0.0%	Privilege Licenses	A license is issued to every business who operates within the city limits of Burlington.
1.7%	Permits	Electrical, mechanical, plumbing, code enforcement fees, etc.
2.4%	Sanitation Fees	Fees charged for pick up of limbs, old appliances, recycling, etc.
1.8%	Animal Shelter Fees	Per capita fees from other municipalities and Alamance County.
3.7%	Recreation Fees	Fees charged to participants of baseball, basketball, soccer, etc. and rental of facilities
4.0%	Miscellaneous Revenues	One time revenues, donations, and revenues that don't fit in other major categories. Some examples would include larger revenues such as Reimbursement of Costs - Traffic Signal System - \$460,000, Monopole Rentals - \$350,000, Alamance County Fuel Purchases - \$450,000, and some much smaller revenues such as Taxi Permits - \$300, Civil Penalty Violations - \$5,000, and Parking Violations - \$15,000.
0.2%	Cemetery Fees	Cemetery lots, grave permits and columbarium sales
2.8%	Fund Balance Appropriated	Money that has been saved over prior years for a "rainy day fund"
100.0%		



GENERAL FUND EXPENDITURES

GENERAL FUND EXPENDITURES
2019-2020 ANNUAL BUDGET



WATER RESOURCES FUND

- Water & Sewer Repair and Construction
- Water & Sewer Plants and Facilities
- Laboratories
- Composting
- Customer Service/Billing
- Debt Service



WATER RESOURCES FUND BUDGET

- Proposed Budget of - **\$30,618,899**
- Proposed Budget includes a **2% increase in water and sewer rates** to offset inflation and allow continued attention on capital improvements.
- **Average residential customer increase of 90 cents per month** using 5,000 gallons of water & sewer service monthly
- Proposed Budget contains funding for employee health insurance, OPEB funding, and mandated retirement contribution increase



WATER RESOURCES FUND

Revenues:

- Water usage – projected flat
- Sewer usage – projected flat
- Proposed 2% increase in water and sewer rates



WATER RESOURCES FUND

Key Expenditures:

- Capital requests funded at 100%
- Funding to begin the transition to **automated meter reading** – major effort
- **Water & Sewer Master Plan**
- Water line replacements (Greeson Road - TA Truck Stop and S. Church Street)
- Little Alamance Creek 21" sewer interceptor rehab
- Design work for structural repairs & roof -Ed Thomas Water Plant
- Health insurance increase
- Provision for merit and pay plan study salary adjustment



EMPHASIS IN WATER RESOURCES FUND

- Commitment to: maintain & improve infrastructure to provide safe & clean drinking water, effectively treat wastewater, promote economic development, & improve quality of life.
- Planned major improvements:
 - *Initiate radio meter read conversion (\$1,500,000)
 - *Greeson Rd (TA truckstop) waterline replacement (\$600,000)
 - *Little Alamance Creek 21" sewer interceptor rehab (\$600,000)
 - Inflow & infiltration reduction (\$400,000)
 - 2" water line replacements (\$275,000)
 - Replace sodium hypochlorite tanks (\$320,000)
 - Reroof various buildings (\$392,000)
 - Patch & resurface roads at plants (\$600,000)
 - Replace Zimpro boiler, cooling fan, pump & motor (\$172,500)



* Mentioned on previous slide

WATER RESOURCES FUND BUDGET FY 19-20

CITY OF BURLINGTON

2019-2020 ANNUAL BUDGET

WATER RESOURCES FUND - REVENUES

<u>SOURCE</u>	<u>AMOUNT</u>	<u>PERCENT</u>
Water Rents	\$11,523,699	37.6%
Sewer Rents	16,368,248	53.5%
Water Sales - Greensboro	1,983,452	6.5%
Water & Sewer Taps	175,000	0.6%
Industrial Surcharges	50,000	0.2%
Miscellaneous Revenues	64,120	0.2%
Water & Sewer Unit Dev Fees	70,000	0.2%
Interest Income	156,380	0.5%
Interest Subsidy Payments	228,000	0.7%
Fund Balance Appropriated	-	0.0%
Total Water Resources Fund	<u>\$30,618,899</u>	<u>100.0%</u>

CITY OF BURLINGTON

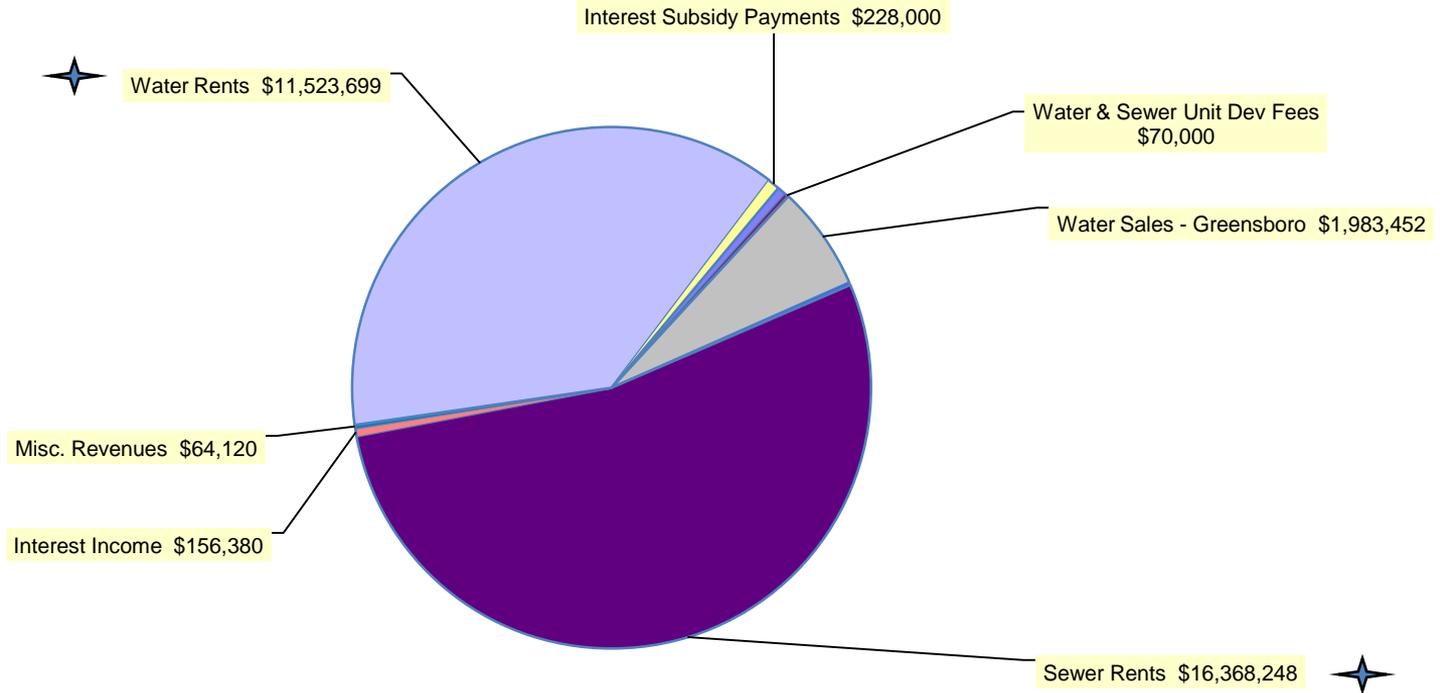
2019-2020 ANNUAL BUDGET

WATER RESOURCES FUND - EXPENDITURES

<u>DEPARTMENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
W & S Bldg Admin & Services	\$ 4,951,775	16.2%
W & S Customer Service	2,101,169	6.9%
W & S Line Supervision	397,142	1.3%
Water Line Maint/Repair	1,063,675	3.5%
Water Line Svc & Constr	2,717,836	8.9%
Sewer Line Maint/Repair	910,357	3.0%
Sewer Line Svc & Constr	1,532,615	5.0%
W & S Plants & Facilities Supv	1,022,491	3.3%
Water Sources Protection	298,745	1.0%
Ed Thomas Water Plant	2,409,777	7.9%
Mackintosh Water Plant	2,082,663	6.8%
S. Burlington Waste Treat	2,765,861	9.0%
E. Burlington Waste Treat	2,861,689	9.3%
Laboratories	586,114	1.9%
Composting	318,967	1.0%
Plants Maintenance	720,245	2.4%
Lakes And Marinas	701,396	2.3%
Debt Service	3,176,382	10.4%
Total Water Resources Fund	<u>\$30,618,899</u>	<u>100.0%</u>

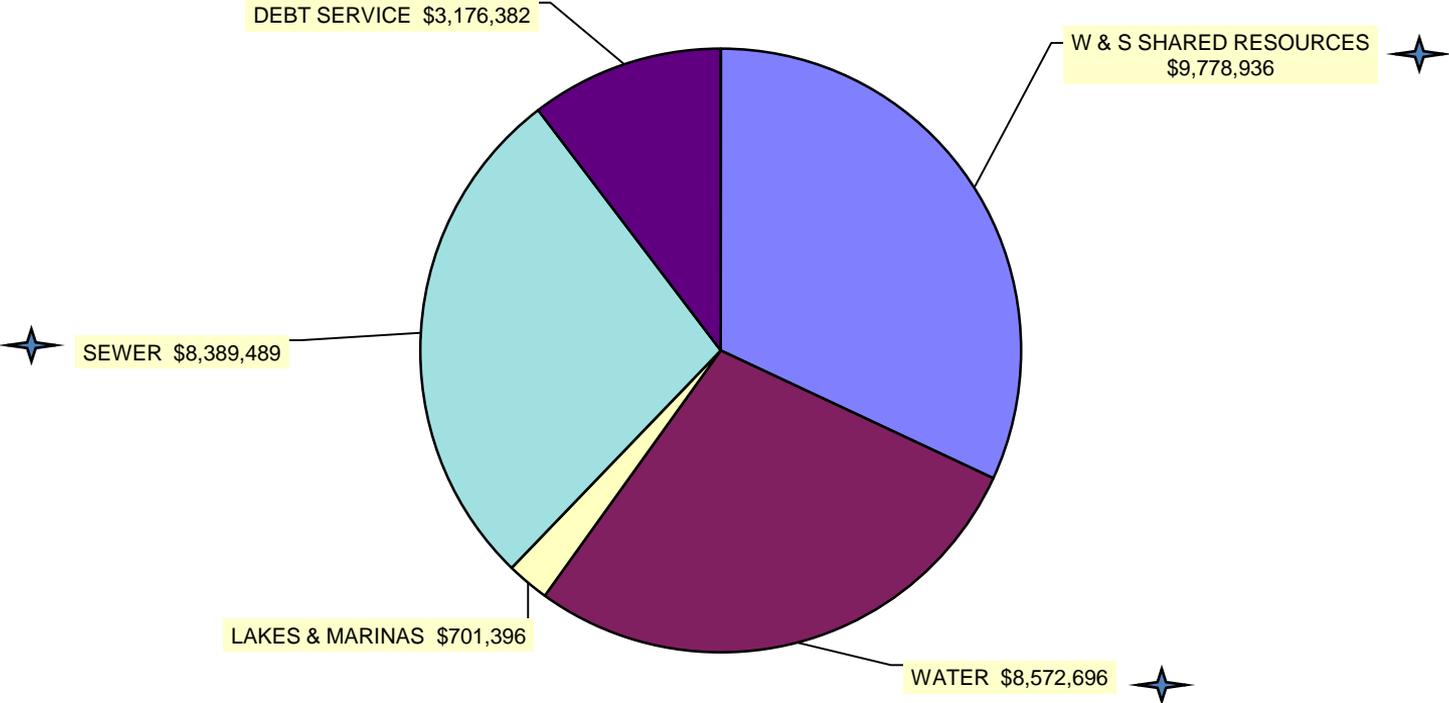
WATER RESOURCES FUND REVENUES

WATER RESOURCES FUND REVENUES
2019-2020 ANNUAL BUDGET



WATER RESOURCES FUND EXPENDITURES

WATER RESOURCES EXPENDITURES
2019-2020 ANNUAL BUDGET



WATER/SEWER RATES

Typical Utility Service Bill

(Based on 2,500 gallons per month)

Low Volume User

	<u>Current</u>	<u>Proposed 19-20</u>
Water	\$ 10.15	\$ 10.35
Sewer	12.45	12.70
Stormwater	5.00	5.00
Solid Waste / Recycling	<u>6.00</u>	<u>6.00</u>
TOTAL MONTHLY BILL	\$ 33.60	\$ 34.05
COST PER DAY	\$ 1.12	\$ 1.14



WATER/SEWER RATES

Typical Utility Service Bill
(Based on 5,000 gallons per month)
Average User

	<u>Current</u>	<u>Proposed 19-20</u>
Water	\$ 20.30	\$ 20.70
Sewer	24.90	25.40
Stormwater	5.00	5.00
Solid Waste / Recycling	<u>6.00</u>	<u>6.00</u>
TOTAL MONTHLY BILL	\$ 56.20	\$ 57.10
COST PER DAY	\$ 1.87	\$ 1.90



TRANSPORTATION FUND

- Link Transit start date – **June 6, 2016**
- Major success | **250,000+** riders
- Goal: *Clean – Safe – On Time*
- Funding of \$407,814 for operations from General Fund
- One time capital expense of \$250,000 (sidewalks & shelters)
- Proposed Budget of: \$2,162,821
- Federal funding: 80% for capital items, 50% for operations

Link TRANSIT
ride • enjoy • connect



STORMWATER FUND

- No change in rates
- Rate \$5.00 per month per 22,500 customers
- Proposed Budget of \$1,148,049



STORMWATER FUND HIGHLIGHTS

- Continuing to develop, implement, enforce program to **reduce the discharge of pollutants**
- Mapping the City's storm drainage system to aid the **Illicit Discharge**, Detection and Elimination program
- **Public education** and outreach program
- Assist residents with drainage/flooding problems



FY2019-2020 OTHER FUNDS

Other Funds for FY 2019-2020

Summary of Other Funds

Revenues

Expenditures

Controlled Substance Abuse	\$ 55,460	\$ 55,460
RICO	\$ 79,940	\$ 79,940
General Capital Reserve	\$ 200,000	\$ 200,000
MPO – Transportation	\$ 510,095	\$ 510,095
Guilford Mackintosh	\$ 189,600	\$ 189,600
Water Capital Reserve	\$ 354,289	\$ 354,289
Sewer Capital Reserve	\$ 354,289	\$ 354,289
Municipal Service District (BDC)	\$ 275,000	\$ 275,000
Rehab Loan	\$ 75,000	\$ 75,000
Rental Rehab Loan Program*	\$ 110,205	\$ 110,205
Community Development Block Grant	\$ 465,963	\$ 465,963
Home Program*	\$ 536,011	\$ 536,011

*These numbers are subject to change due to amounts not confirmed by other agencies.



LONG-TERM FUNDAMENTALS

- Beginning OPEB Contributions
- Talking about financial sustainability with all departments – part of conversations
- New pay plan components developed in conjunction with PTRC
- Capital improvement planning



LOOKING FORWARD – SUSTAINABILITY

- Consider Priority-Based Budgeting Principles
- Program-Based Budgeting for Recreation & Parks
- Evaluate service delivery partnerships in future with area gov'ts
- Write & adopt fiscal policies with Davenport to prepare for future rating analysts scrutiny



THANK YOU!

Thanks to the budget team (Peggy Reece, Nolan Kirkman, Rachel Kelly & Chad Slaughter), finance staff, and all the City's department heads for their role in the development of the FY 19-20 Proposed Budget.

Thanks to our elected officials for your support and guidance!



QUESTIONS

