

This document was originally posted 5/6/21. Amendments stemming from a 5/11/21 City Council Budget Meeting are noted in **Red** at the bottom of page 2.



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**Manager's Budget Message
2021 - 2022 Fiscal Year**

Honorable Mayor Bert Lance-Stone

Ward I Councilman Larry Warlick
Ward II Councilman Roger Blackwell
Ward III Councilman Robert "Trey" Gray
Ward IV Councilman Lewis Dorsett
At Large Councilman Tim Williams
At Large Councilman John Glass



Dear Mayor and Members of City Council:

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present for your consideration the City of Archdale’s proposed budget for Fiscal Year 2021-22 (FY22). This budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act. The budget is balanced and represents a continued effort to serve the citizens of Archdale in an efficient and sustainable manner.

The recommended fund budgets are as follows:

FUND	MANAGER RECOMMENDED BUDGET
General Fund	\$10,673,770 \$10,502,430
Water and Sewer Enterprise Fund*	\$4,946,890
Stormwater Enterprise Fund	<u>\$518,450</u>
Total	\$16,139,110 \$15,967,770

**includes W/S Capital Reserve Fund (\$500,000)*

The proposed budget, as presented, is balanced using the current property tax rate of \$0.29 per \$100 of assessed valuation. Based on current valuations, \$0.01 generates \$107,665 of revenue.

Amended

City Council met to discuss the proposed budget on Tuesday, 5/11/21. After discussions about public safety and the growth of the community, it was determined that additional staffing is desired in the police department. Instead of budgeting for 2 new patrol positions, the revised budget will fund 4 new patrol officers. Additionally, \$6,000 would be added to the Parks & Recreation budget to rehabilitate 2 pedestrian bridges within Creekside Park.

To help offset the associated costs for these changes, a tax increase of \$.02 will be considered with the budget adoption. This would change the property tax rate in Archdale from \$0.29 to \$0.31. The impact of this proposed increase is shown below based on property values:

<i>Assessed Property Value</i>	<i>Annual Property Tax Increase</i>
\$100,000	\$20
\$200,000	\$40
\$300,000	\$60
\$400,000	\$80

INTRODUCTION

As the COVID-19 pandemic begins to slow, communities around the country find themselves budgeting with many unknowns. The City of Archdale was not immune to the economic challenges presented by business closures and job losses. However, the financial impacts were not as devastating as projected. The City showed its resiliency and continued to move forward in FY21.

The proposed FY22 budget focuses on fiscal responsibility, maintaining high levels of service, and retaining a well-trained workforce. Additionally, this budget aims to stay ahead of Capital Improvement Plan (CIP) and facility maintenance needs seen across the City. For example, drainage work at the Police Department has been determined to be of a greater scale than originally anticipated. It is recommended to address this deficiency head-on, prolonging the lifespan of the building.

Some budgeted CIP projects were put on hold in FY21 to gauge the potential impacts of COVID-19. With the economic fallout seemingly avoided, the proposed FY22 budget re-appropriates funding for designing a recreation center expansion and the addition of an equipment shelter at the Public Works facility. These improvements will house growth for many years to come and are worthy investments.

Other CIP items addressed within the FY22 budget include security system expansion in Creekside Park, replacement of 3 patrol vehicles at the APD, purchase of 2 additional patrol vehicles, new windows at the library, and communications equipment for the police department. Efforts are planned to increase the amenities offered in Creekside Park; a new greenway loop trail, a new baseball field, and grading work to create multi-purpose open space out of the underutilized upper ballfield location.

Public Safety is always a primary objective in the annual budget. And, as the City grows, so does the need for a well-trained and outfitted police force. The Police Department has requested to add an officer to each of the 4 patrol teams. The recommended FY22 budget funds 2 of these positions with an expectation of adding 2 further officers in FY23. Vehicles, uniforms, body armor, radios, insurance, computers, etc. have all been budgeted accordingly.

Appropriations are made in the proposed budget to adjust salary levels of current full-time employees by 2.5%. The FY22 budget also funds ongoing training and certifications for staff to ensure Archdale has the best trained workforce possible.

Looking towards the future, the FY22 budget funds placemaking strategies and economic development efforts stemming from the *Plan Archdale!* Comprehensive Plan.

Meeting the requirements of State issued permits for water distribution, sewer collection, and stormwater management remains paramount. Expenditures in FY22 are once again focused on preventative maintenance (PM) and preparing for future needs.

GENERAL FUND

The General Fund supports traditional government services such as public safety, recreation, planning, and general administrative services. It is funded by ad valorem taxes, sales and use taxes, and locally generated fees such as solid waste collection, park rentals, program fees, zoning applications, etc. Highlights from the proposed budget are noted below:

General Fund Revenues

- It is expected that Ad Valorem tax revenues will slightly rebound in FY22 as impacts from the COVID-19 pandemic wane.
- The FY21 budget anticipated a sizable dip in Sales tax/hold harmless provision revenue. However, consumer spending outperformed all expectations. It is expected that this trend will continue in FY22 resulting in approximately \$3.5M in revenue.
- State issued Powell Bill funds are utilized for ongoing street maintenance. This funding source has been on a slow decline for years, and a further reduction is anticipated in FY22. The \$290,300 in revenue is nearly 5% less than was received FY21.
- Taxes on telecommunications and video programming have been negatively impacted in recent years as customers “cut the cord” from traditional entertainment sources. Thus, the Utility Sales (Franchise) tax revenue is projected to fall by 4% in FY22; a \$25,000 reduction.
- Parks & Recreation revenue should show growth in FY22 as facilities continue to reopen and programming offerings expand.
- Revenue from Solid Waste fees will see a boon in the recommended budget resulting partially from a proposed \$0.50/cart rate increase. Solid Waste fees have remained unchanged since FY15 and annual cost increases tied to the Consumer Price Index (CPI) have gone unaddressed during that timeframe.
- Recycling revenue is expected to see modest growth related to increased users.
- The American Rescue Plan, signed into law in March 2021, allocated direct funding to every municipality and county in the United States. The City of Archdale expects to receive a total of \$3.37M in stimulus funding from the ARP. As of this time, however, limited guidance has been offered as to how this funding can be used and what Federal strings will be attached. With limited guidelines in place, ARP funding is NOT reflected as revenue or expenditure in the proposed FY22 budget.

General Fund Expenditures

- FTE staff level is increased by 2. FY22 would add 2 patrol positions, with an expectation that the FY23 would establish 2 more.
- Health insurance premiums will increase by 3% in FY22. The cost share for FTE staff will increase to \$36.50/month with participation in the wellness program.
- Travel training budgets will increase from the COVID-19 reductions seen during FY21.
- The Facilities & Grounds Department plans to purchase a replacement zero-turn mower and will accept a handed-down mini-excavator from Public Works.
- Public Works plans to construct their new equipment shelter in the Street Department and buy a snowplow attachment with Powell Bill funds.
- Planning & Zoning staff continue to work on updates to Zoning and Development ordinances recommended in the *Plan Archdale!* Comprehensive Plan. Additionally, Planning staff aims to introduce a citizen reporter linked to the City's webpage and with a mobile app.
- Parks & Recreation staff anticipate replacing old lighting fixtures throughout the Recreation Center with LED lights. The Library and Senior Center have already made this change and have seen noticeable energy savings.
- The newly created parking lot at the dog park and ball courts needs lighting. Park staff have budgeted to have Duke Energy install these lights in FY22. Additionally, a phase 2 of video security is planned to help keep our park safe and secure. Other park expenditures include creation of a new baseball field, pavement for improved safety on Mose Drive, and a loop addition to the greenway.
- The North Carolina Local Government Employees' Retirement System (LGERS) Board of Trustees amended the base employer contribution rates, effective July 1, 2021. The law enforcement rate increased from 10.84% to 12.04%, while the non-law enforcement rate was moved from 10.25% to 11.44%. This is a ~\$44,500 impact to the line item.
- In keeping with annual plans, the APD will replace 3 patrol vehicles in the recommended budget. Funds for 2 additional vehicles have also been appropriated to match 2 new budgeted FTE positions in patrol.
- The APD seeks to expand its body-worn camera system in FY22. In order to minimize liability and digital storage capacity issues, it is proposed that a vehicle/body-worn camera lease agreement is utilized, as opposed to an equipment purchase.

- The APD intends to use Asset Forfeiture Program funds to purchase emergency response gear and, if necessary, a new K-9.
- IT expenditures continue to be broad, especially in the realm of network security to ensure compliance with CJIS and PCI standards. Computer equipment replacements and Software as a Service licenses touch every department.
- The proposed budget includes \$22,000 for greenway maintenance. This recurring project began in FY18 and continues to make walking, running, and biking safer within Creekside Park.
- The City's spring and fall clean up events continue to be wildly popular. The FY22 budget once again funds the two clean up weeks in addition to electronic recycling and document shredding events which have become expected public services for the citizens of Archdale.
- In sanitation, costs for the pickup and disposal of solid waste will increase 3% per the City's existing contract. Disposal of recycling remains a challenge, though rates are levelling off. The relief to this line item is welcomed, as rates for recycling have skyrocketed over the past 2-3 years.
- The City will continue its annual street paving program with \$350,000 of Powell Bill funding.

WATER AND SEWER ENTERPRISE FUND

Revenue in the Water and Sewer Enterprise Fund has shown modest gains in recent years. Though residential, commercial, and industrial growth all seem imminent in our community, staff budget this fund conservatively in case unforeseen circumstances slow development.

The FY22 budget includes a proposed 4% increase in utility fees and the affect this would have on a minimum bill is shown below. In addition to assisting with upcoming capital projects and repairs, increased revenues would help the City meet State permit requirements for safe day-to-day operations of water distribution and sewer collection systems.

<i>Utility</i>	<i>Current</i>	<i>Proposed (4% increase)</i>
Water	\$15.73	\$16.36
Sewer	\$19.03	\$19.79
<i>Total</i>	<i>\$35.28</i>	<i>\$36.15</i>

*represents a minimum bill of ≤ 2,000 gallons

The City of Archdale owns 1,559,000 gallons of treated water capacity per day from the Piedmont Triad Regional Water Authority (PTRWA). 915,000 gallons is billed on a 'take or pay' basis by the PTRWA and will essentially serve Archdale's daily needs. The balance is available and paid for as needed.

The City also owns a ~10% stake of the Eastside Wastewater Treatment Plant in High Point (2.5 MGD available) and all of the City's wastewater is treated at this plant. Sewer system maintenance costs remain a priority in FY22. In addition to nearly 80 miles of gravity sewer lines, the City owns 10 pump stations which require ongoing preventive maintenance (PM) to ensure Collection System permit compliance. The proposed budget continues aggressive PM on all the pump stations to minimize risks associated with pump failure. Specific highlights from the Water and Sewer Enterprise Fund budget follow:

- PTRWA has noted that annual rate increases are necessary to keep pace with costs. The rate proposed in FY22 reflects a 2.75% jump. This increase is modest compared to most years and results in a rate of \$1.13/1,000 gallons.
- Wastewater treatment costs at the Eastside Treatment Plant are increasing by 8% FY22.
- PM on the City's 10 sewer pump stations, generators, and automatic transfer switches will remain a priority in FY22. Additionally, it is recommended that an additional 250HP pump be installed at the Weant Road pump station to minimize future Sanitary Sewer Overflows. And efforts will continue to rehabilitate the wet wells of pump stations showing age and wear. This will extend the useful life of these valuable amenities.
- The proposed budget addresses the City's most pressing sewer line maintenance project – replacement/upsizing of a 20" outfall line entering Weant Road Pump Station. This expenditure is budgeted at \$260,000.
- Water/Sewer staff have budgeted to replace 1 pickup truck and the sewer camera trailer used to meet annual State requirements for visually inspecting main lines.
- Having been awarded an Asset Inventory & Assessment grant, the proposed budget sets aside funding to have the sewer system mapped and evaluated by an outside consultant. Additionally, funding is appropriated for having a structural engineer examine the integrity of the sewer outfall piers in Guilford County. The results of this study will guide next steps in upgrading/upsizing this line which carries almost all of the City's wastewater to the wastewater treatment plant.
- The proposed budget includes funding to study the City's emergency water connections with other providers (City of High Point and Davidson Water, Inc.). This is an effort to address a primary risk to the water utility – a sudden supply issue from PTRWA. Suitable

backup supply needs to be identified in case a drought, major line break, cyber-attack, etc. impacts the City's ability to get sufficient water from Randleman Lake.

- In addition to the funds budgeted for the purchase of water for distribution to the City's utility customers and treatment of wastewater, \$776,600 is included in this budget for interest and principal payments on the following: State Revolving Loan that the City used to purchase a 10% interest in the City of High Point's expansion to the Eastside Wastewater Treatment Plant, investment in the PTRWA, and principal and interest payments on financing to fund several water and sewer projects throughout the City's utility system.

STORMWATER ENTERPRISE FUND

Stormwater utility fees are used to support compliance with Federal and State stormwater regulations. The revenue allows the City to pursue needed upgrades and repairs to City maintained stormwater pipes and ditches. Stormwater fees are also used to fund the costs of street sweeping, leaf and limb collection, and the grinding of collected vegetative debris annually.

Since the origin of the stormwater program, no increases have been sought to the monthly utility fee. Once again in FY22, it is proposed that the utility fee remain unchanged. As a result, revenues are expected to show modest growth.

CLOSING

In closing, I wish to thank City Council for their ongoing support. While the past year has been challenging for everyone, the City of Archdale has weathered the pandemic well. This is a tribute to the steady leadership and sound fiscal governance of Archdale's proven elected officials.

I also wish to express sincere gratitude to the City of Archdale employees. Department Heads brought well thought out budgetary requests and realistic expectations to this year's budget process. I particularly wish to thank Finance Director Lori Nurse, and her entire staff for their effort and commitment. We look forward to reviewing this document with Council and receiving public input. We are prepared to make adjustments as the Mayor, Council, and citizens deem appropriate.

The following schedule is proposed for your consideration of the FY22 budget:

Thursday, May 6, 2021	Budget Submitted to Council and Public
Tuesday, May 11, 2021	Budget Meeting #1 @ 9:00am at City Hall Training Room
Monday, May 17, 2021	Budget Meeting #2 @ 9:00am (if necessary)
Tuesday, May 25, 2021	Public Hearing on Budget/Targeted Adoption of Budget

Respectfully Submitted,



Zeb Holden, AICP
City Manager

