

TOWN OF MARS HILL

FY 2023 – 2024

BUDGET MESSAGE



June 5, 2023

**Nathan R. Bennett
Town Manager**

TOWN OF MARS HILL BUDGET MESSAGE

FISCAL YEAR 2023-2024

***To the Town of Mars Hill Mayor and Board of Aldermen
and Citizens of the Town of Mars Hill:***

In accordance with North Carolina General Statute 159-11, the Town of Mars Hill Fiscal Year 2023-2024 proposed budget is respectfully submitted for your review and consideration. The proposed budget sets forth a plan of operations for all Town departments, programs, and initiatives for the coming year. This proposed budget is balanced in accordance with the Local Government Budget and Fiscal Control Act with General Fund revenues and expenditures each totaling \$2,962,947, an 8.9% increase over the prior year. The Water and Sewer Fund is balanced with revenues and expenditures each totaling \$1,215,000, an 3.9% increase over the prior year.

INTRODUCTION

This budget message will introduce the Town of Mars Hill Fiscal Year 2023-2024 proposed budget. The budgeting process begins in early spring with management requesting proposed appropriation use plans from departments, agencies, and other Town-supported entities. Management takes those requests and develops a balanced budget in line with expected revenue from numerous sources. This document will provide a summary of how the Town plans to utilize its fiscal resources and will highlight significant impacts to the Town's budget. I am pleased to present this budget that provides the tools and resources necessary for an effective and efficient government for the Citizens of the Town of Mars Hill.

REVENUES

It is the priority of elected officials and management to operate Town government in a professional, efficient, business-like manner. This budget provides a priority spending plan that attempts to minimize the tax burden on the Town taxpayer. The Town's primary general fund sources of revenue are property, sales, and utility franchise taxes. With the official end of the COVID-19 state of emergency, all town operations, revenues, and consumer water consumption levels have all stabilized at or above pre-COVID levels. The high inflationary growth from last year also appears to have peaked and stabilized as the April consumer price index was 4.9% growth year over year, with projected growth for 2023 at 2.3%.

Regarding property taxes for Fiscal Year 2023-2024, management recommends no change to the current property tax rate. The property tax rate is recommended to be maintained at the current rate of \$0.47 (forty-seven) cents per \$100 (one-hundred dollars) of valuation. This rate is based on the FY 2023 valuation of the property tax base of \$161,041,905 as provided by the Madison County Tax Department as the County has not yet provided the final valuation for FY 2024. With a collection rate of 96%, it is expected this rate will provide the general fund an estimated total property tax revenue of \$726,621. Ultimately, property tax combined with investment interest income, miscellaneous fees and other general fund sources, including specific function revenue sources such as the Madison County fire tax levy for the Mars Hill Fire District and state Powell Bill funds for street maintenance, are anticipated to total \$2,962,947.

The water and sewer fund is an enterprise function which is required by the State of North Carolina to be supported only by the revenue generated from the service provided. In keeping with established Town policy, management recommends a 2.5% increase to water and sewer usage fees. This increase is necessary to keep the water and sewer fund solvent while providing safe drinking water, processing wastewater, and making necessary capital improvements to the water and sewer system. The system is financially strong and consistent stewardship is necessary to maintain that status. The Water and Sewer Fund anticipates total revenue from customer charges, fees, and miscellaneous sources totaling \$1,215,000.

EXPENDITURES AND INITIATIVES

The Town of Mars Hill is dedicated to sound fiscal management, capital planning and responsible day-to-day operations. Accurate budget projections and a disciplined approach to budget administration have allowed the Town to successfully maintain essential public services, enhance public safety, make strategic investments to support community and economic development while maintaining financial stability. This budget is a comprehensive document that addresses the fiscal needs of some 12 departments and affiliated agencies. The intention of this section is to highlight some of the larger appropriations for departments and key initiatives included budget.

1. **Fire Department:** The Mars Hill Fire Department is a Town department that also serves county residents in the surrounding Mars Hill Fire District. The Department has a small full and part-time paid staff with 30 volunteers. It is vital that the Department has the equipment and resources needed to respond to any emergency whether it be a manmade or natural disaster. There is funding in this budget to fully fund increased personnel costs, including health insurance and retirement contributions mandated by the N.C. State Health Plan and Local Government Retirement System respectively, for the three (3) new full-time firefighters/EMTs employees added in the FY 2023 budget, along with the other five (5) full-time employees. There is also funding recommended for capital equipment, including replacement of air canisters and response gear, as needs warrant. The total fire department budget is recommended for an appropriation of \$877,826 utilizing the revenue from the fire tax district and additional town funds.
2. **Police Department:** The Town is committed to providing our citizens and visitors with a professional police force to ensure the safety and security of our community. Mars Hill is fortunate to have a very low crime rate, but this positive statistic is due in large part to the great community policing activities provided by our police officers. This budget proposes to add an additional full-time officer position, bringing the full-time force to seven sworn officers. This will provide needed coverage for expanded response area, increased service calls, and officer safety, coming from continued community growth. As always, funding is included for increased personnel costs for health insurance, retirement contributions, and supplemental retirement expenses. Additional funds are included for the acquisition of a replacement patrol vehicle for other needed equipment and training. The total police department budget is recommended for an appropriation of \$752,203.
3. **Water and Sewer System:** The Town continues planning for improvements to the water and sewer system as identified in the prior year. The Town expects to begin construction this fiscal year on the two important wastewater projects that have been delayed due to engineering availability. The \$700,000 grant-funded project to install 1,200 LF of new sewer line and 2,200 LF of new water line from the new sewer pump station at I-26 Exit 11 southward along Calvin Edney Road is in the final permitting stages to go to construction mid to late FY 2024. In a second project, the Town will replace an aging sewer pump station and rehabilitate an associated second station serving the Woodhaven/South Main Street service area in that same timeframe.
4. **Bailey Mountain Preserve and Park:** In the Fall of 2021, the Town received a N.C. Parks and Recreation Trust Fund grant award for \$268,536. This grant, together with additional local funds and other grant funds,

will be used to provide a number of recreational amenities at the Bailey Mountain Preserve and Park located on Forest Street, which serves as the public gateway entrance to the iconic Bailey Mountain. This project has also been delayed due to planning and design limitations by the consultant engineering firm. However, the first phase of construction to provide restroom facilities, parking enhancements, accessible walking trails, picnic shelters, a nature/discovery center, amphitheater, and other improvements is expected to proceed to construction in August 2023. This budget includes funds to begin the project and move forward with planning, permitting, and construction.

5. **Employee Compensation:** Town employees work hard to provide a safe, secure, healthy, and prosperous community. To keep good employees in all sectors of Town employment, particularly in the current highly competitive job market, compensation commensurate with the knowledge and skills in consideration of the current labor market and economic circumstances is necessary. This budget recommends an across-the-board cost-of-living pay increase of \$2,500 per year for all permanent full-time employees and \$1,500 per year for permanent part-time employees. In addition to compensation, the N.C. Local Government Retirement System has increased the employer (Town) contribution rate an additional 0.80% (to 12.90%) for all general employees and 1.0% (to 14.04%) for law enforcement officers who are members of the system requiring a significant additional contribution from the Town. The N.C. State Health Plan has not released rates for the next enrollment period effective January 1, 2024, however, an anticipated increase of 2% in those rates has been included in this budget.

BUDGET SUMMARY

The leadership of the Mayor and Board of Aldermen together with the diligent work of Town employees, has resulted in a financially stable, effective, and efficient Town government. This has allowed the Town of Mars Hill to undertake a number of capital projects for the long-term improvement of our community while at the same time providing excellent day-to-day services our citizens deserve. The goal of this proposed budget is to provide the financial resources to continue the excellent work that all departments, agencies, and community partners do to move the Town of Mars Hill forward.

Respectfully submitted this 5th day of June 2023.



NATHAN R. BENNETT,
Town Manager