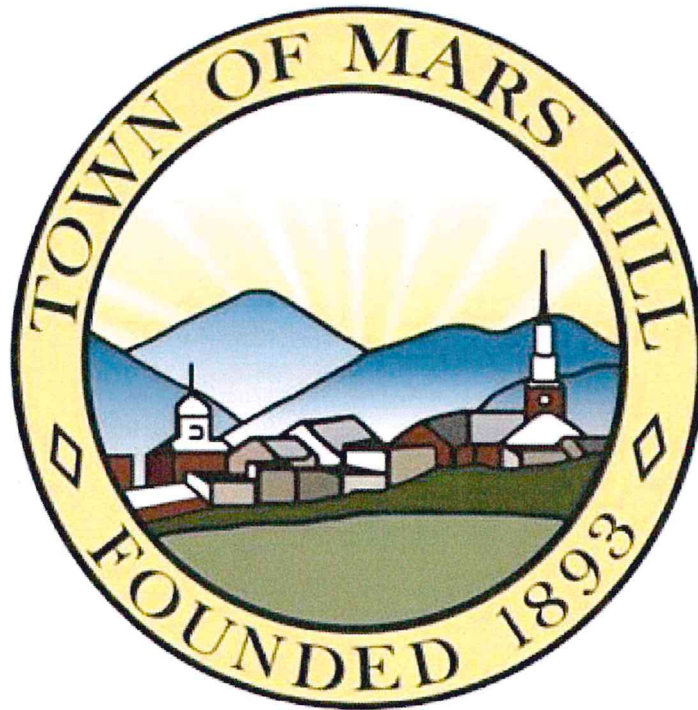


TOWN OF MARS HILL

FY 2019 – 2020

BUDGET MESSAGE



June 1, 2019

**Nathan R. Bennett
Town Manager**

TOWN OF MARS HILL BUDGET MESSAGE

FISCAL YEAR 2019-2020

*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 2019-2020 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 \$1,885,300. The Water and Sewer Fund is balanced with revenues and expenditures each totaling \$1,053,000. These budgets represent a minimal increase over the adopted Fiscal Year 2018-2019 budget.

INTRODUCTION

This budget message will introduce the Town of Mars Hill Fiscal Year 2019-2020 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. Collectively, these sources constitute 58% of the Town's revenue.

Regarding property taxes for Fiscal Year 2019-2020, 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. It is expected this rate will provide the general fund an estimated total property tax revenue of \$498,000. Combined with other sources, such as state sales and utility taxes, the Madison County fire tax levy for the Mars Hill Fire District, state Powell Bill funds for street maintenance, and other town department revenue, the general fund revenue sources are anticipated to total \$1,885,300.

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 and making necessary capital improvements to the water and sewer system.

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. **Smith Farm / Bailey Mountain Park:** This past fiscal year, the Town completed the purchase of 86 acres on Forest Street known as the Smith Farm with funding from the Clean Water Management Trust, Land Management Trust, The Richard L. Hoffman Foundation, local government, and a host of private contributors. This farm will become the Town's newest park and will provide a number of recreational activities as well as public access to the iconic Bailey Mountain. This park will be a tremendous asset to the Town of Mars Hill and the region. The Town has applied for a \$260,000 grant from the N.C. Parks and Recreation Trust Fund to develop this property to include installation of recreation elements, walking and hiking trails, entertainment venue, picnic shelters and a discovery (visitor) center. While notice of the award will not be made by the state until September, management recommends \$5,000 in the recreation department budget to begin some necessary improvements and maintenance to the facility as appropriate regardless of the grant status.

2. **Economic Development:** The Town is a serious partner in economic development efforts in our community. Over the years and continuing to the present, Town leaders have made significant financial contributions to strengthen the Town's infrastructure, particularly water and sewer services, to support the ability of business and industry to locate facilities and jobs in our community. Mars Hill is prepared for additional smart commercial and residential development that will complement the integrity and heritage of our community. This budget recommends appropriations for additional water and sewer system improvements as appropriate. Furthermore, this budget recommends an appropriation of \$3,000 to implement the Downtown Façade Improvement Program. This grant program is a targeted investment by the Town designed to assist small business owners in the historic downtown area make improvements to the exterior of their business enhancing the overall aesthetic appearance of the corridor. A strong, vibrant downtown invites activity that supports business and community development and the Town is eager to assist in that endeavor.

3. **Fire Department:** The Town of 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 and nearly 30 volunteers covering a large geographic area containing such diverse protectorates as Interstate 26, U.S. Highway 19, Mars Hill University, businesses, industries and thousands of residents. 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. The Town, together with the county fire district, fund this department at the highest level possible to ensure that modern vehicles and equipment are provided, and all employees and volunteers are trained and prepared to address any situation that may occur. Of specific note, in consultation with the Fire Chief, management recommends an appropriation of \$8,500 to purchase 10 Scott carbon cylinders for air packs. The fire department has a total of 48 of these cylinders which must all be replaced by 2025 pursuant to their designated maximum use life. The fire department plans to replace 10 cylinders each year over the next five years to phase the total replacement of these units prior to their expiration. There is an additional amount recommended for additional capital equipment as need may warrant. The complete fire department budget is recommended for an appropriation of \$494,500.

4. **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. I have been impressed by this work and the close professional relationship the police (and fire) department has with the Mars Hill University Public Safety Department. This partnership between the Town and University is critical in planning and responding to situations that may arise. Of specific note, in consultation with the Chief of Police, management recommends an appropriation in this budget to provide an increase to the hourly compensation of part-time officers from \$12.51 to \$15.50 per hour. This increase of approximately \$1,900 annually will allow the Town to be competitive for recruitment of qualified officers with surrounding law enforcement agencies. In addition, management proposes to appropriate \$20,000 in this budget to continue needed capital equipment purchases such as officer safety equipment. The complete police department budget is recommended for an appropriation of \$402,800.

5. **Water and Sewer System:** The Town received nearly \$1 million in federal and state grant funds to install a sewer pump station at I-26 Exit 11 and to make other repairs to the wastewater treatment plant. This work began in January 2019 and is nearing completion. These improvements will provide utility service to this unsewered area connecting the collection system already operational on Crossroads Parkway to the vicinity of Exit 9. This initiative will greatly improve the Town's preparation to support potential future growth along that corridor. This budget recommends an appropriation to provide for the operation and maintenance of the newly installed pump station and other associated operational needs. Funds are also recommended to make improvements and replacement of certain water lines and meters to improve efficiencies system wide as appropriate. In addition to infrastructure needs, this budget contains a small amount of additional administrative funds necessary to support the transition of billing for water and sewer services to a monthly cycle should that be of satisfactory interest to the Board of Aldermen. It is expected a monthly bill will be provide some relief to ratepayers, particularly those on fixed incomes, who struggle to pay the larger amount for two months of service. This often results in an unfortunate situation of additional late fees and potential disconnection of service. Town staff is prepared to implement this proposed monthly billing system should it be the pleasure of the Board.

6. **Employee Compensation:** Town employees work hard to provide a safe, secure, healthy and prosperous community. The Town has a history of excellent employees who are cross trained in several areas which keeps the total number of workers at a minimum creating a very efficient workforce. In order to keep good employees in all sectors of Town employment, they must receive compensation commensurate with their knowledge and skills in consideration of the current labor market and economic circumstances. This budget recommends an across the board pay increase for all permanent employees of 3.0%. This rate is reflective of data from the federal Consumer Price Index (CPI) and takes into consideration current labor market conditions in the region. In addition to this increase in compensation, management recommends an appropriation of \$2,000 to fund the Tuition Assistance Program approved by the Board of Aldermen in March. This program provides an incentive to current full-time Town employees to seek out additional educational and training opportunities on their own time that will benefit their career development and Town operations. In addition to compensation, the N.C. Local Government Retirement System has increased the employer (Town) contribution rate an additional 1.2% for all employees who are members of the system requiring an additional \$10,750 from the Town. The N.C. State Health Plan has not released rates for the next enrollment period effective January 1, 2020. Therefore, any substantive increase may require an additional appropriation which will be considered through the budget amendment process.

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 good work that all departments, agencies and community partners do to move the Town of Mars Hill forward.

Respectfully submitted this 1st day of June 2019.

NATHAN R. BENNETT,
Town Manager