

## **Budget Message information**

I have never prepared a budget proposal during such challenging times or under more surreal circumstances. The two most important pieces of communication are we do not know what the future holds, and we are operating in the best interest of our community and its citizens. In March, the entire world changed, and our shared situation is the overriding need for replacement revenue. While cities and towns are the economic engines of the state, we to must be creative and courageous in searching out additional revenue pursuits. We must strive to cultivate revenue streams. Revenue shortfalls coupled with no revenue replacement plan and increasing expense is a daunting condition. Therefore, in preparing and planning for revenues in this proposed budget, the following are conditions I have included in my calculations:

1. Decrease in collection rate of taxes-Based on my research, my working hypothesis is to estimate a 5% decrease in collections. Aggressive? I offer you to think of it as one out of every twenty residents may need forgiveness of some portion of their tax. Or for our estimated population of 487, 15 people might need support. This computes to a decrease of \$4,202.43.
2. Decrease in collection of residential property purchased by the state and now exempt from collections. This computes to a decrease of \$3,164.28.
3. Decrease of Sales & Use, Franchise Utility, & Solid Waste tax distributions are estimated by most to be down by a minimum of 15%. We already know these distributions are “elastic” ones or “flex” revenue. Although this is hypothetical, I feel this is a prudent calculation. This computes to a decrease of \$6,577.35.
4. Decrease in interest on investments. This is an area we have already seen dramatic changes in our dividends. For example, our annual % yield earned on most of our investments in February was 1.20%, we thought that rate was low! In March, our rate dropped almost in half and was .80%. In April.... wait for it.... it is going to hurt, .35%. I am going to suggest we reduce our expected by \$1,000.00. This may not seem enough, however, we underestimated our current earnings. Therefore, I feel this will suffice.
5. As usual, we are always chasing regarding waste endeavors. There are many layers we must include in this calculation. Our CPI increase from Republic is 2.2%. This equates to an increase of \$332.64 for waste and \$129.36 for recyclables. There has been no feedback from RCSW regarding the rumored increase in tipping fees for recycling. Hence disposal fees should remain relatively constant. As slight as this increase may seem, the Town will burden \$4,022.48 for the year. Our waste expense (16% of our

total budget) will be approximately \$30,032.48, while our revenue for waste from taxpayers will equal \$26,010.00. Given the increase in waste fees the past two budget cycles, combined with increased burden on citizens due to COVID19 related issues, I am not recommending an increase in waste fees. Are we postponing the inevitable? Possibly, however I feel there are some other avenues we can explore to potentially alleviate this burden. Examples of possibilities are (1) reexamine alternate providers/competitors (2) try negotiating with Republic for unit price reduction (3) eliminate recycling all together; just to name a few. I will be investigating all and providing feedback to the board. Can it be argued if we burden the difference now, how can we justify or leverage not sharing the burden in the future or for other concerns? Yes, certainly. Should waste be a self-sustaining operation, absolutely, especially for a town of our size and means. Although these arguments are true, consider we would have to raise the fee from \$170 per can to \$196.10 per can, levying an additional \$26.10 per can per year. I cannot recommend this before exhausting all other possibilities.

This introduces us nicely to our expenditure discussion. As highlighted above, our waste has increased by \$.18 per unit per month, recycling has increased by \$.54 per unit per month. The discussion of recycling disposal fees has not come to fruition at the time this message was created. Due to the need for leanness and based on activity/history, I have budgeted a decrease to the following accounts:

Administration

- Legal \$2,000.00
- Election Expense \$2,000.00
- Town Education \$ 500.00
- Maintenance & Repair Equipment \$1,000.00
- Departmental Supplies \$1,500.00
- Insurance and Bonds \$1,000.00
- Miscellaneous Expense \$1,000.00
- Downtown Beautification \$3,500.00
- Town Hall Furnishings \$ 500.00

Capital Outlay

- Capital Outlay Land \$1,000.00
- Capital Outlay Building \$5,000.00
- Capital Outlay Other Improvements/Signage \$2,000.00
- Capital Outlay Other Equipment \$ 500.00
- Capital Outlay Technology \$4,000.00

Street Department

- Utilities-Street Lights \$ 500.00
- Maintenance-Existing Streets \$8,200.00
- Snow & Ice Removal \$ 200.00

This is a grand total reduction across departments of \$34,400.00.

Conversely, I am recommending increases to the following line items based on current year activity, proposed increases, tax value changes, change in management of duties or submitted requests:

Administration

- Tax Collection & Clerk Expense \$ 3,000.00
- Dues & Subscriptions \$10,000.00
- Christmas Light Expense \$ 900.00

Fire Department

- Contracted Services \$ 1,238.20
- Tree Removal Hired Services \$ 2,000.00

Street Department

- Bikeways \$ 2,000.00
- Greenways \$ 700.00
- Ruthridge Right of Way \$ 500.00
- Ruthridge Beautification \$ 500.00
- Town Hall Beautification/mowing etc. \$ 1,500.00

Sanitation Department

- Recycling Contracted Service \$ 129.36
- Garbage Contracted Service \$ 332.64

This is a grand total increase across departments of \$22,800.20. This is a net reduction of \$11,599.80.

The only budget request given was for a software upgrade

Naturally, given all the data I have highlighted, there are changes in fiscal policy for being lean & thoughtful in spending. Understanding in some cases you must spend money to create revenue flows. The approach of the board is to be resourceful and openminded in pursuing alternative sources of revenue. This includes grants and aid, however, is not limited to these

temporary solutions. Financially the board wishes to continue its conservative perspective and guard expenditures closely.

While we are chasing our Pole Star of revenue, the new highway is an opportunity for us. It is an economic factor which will affect our upcoming budgets. We are hoping to enlist the assistance of those who can support us in capitalizing on this event and make it work in our favor.

[G.S. 159-11(b)]