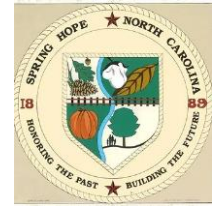


Town of Spring Hope, NC



1 April 2024

To: Board of Commissioners

From: Andrew DeLonno

RE: FY2025 Budget Message

Expenditures: The total proposed FY25 General Fund budget for Town of Spring Hope is \$1,819,510 including restricted funds for economic development and PEG. And total proposed FY25 Enterprise Fund (Water and Sewer) budget is \$950,500. The total FY25 proposed budget is \$2,770,010.

The FY2025 Town of Spring Hope proposed budget funds two major priorities for which the Town has lacked sufficient revenues, salaries and building maintenance.

Personnel: The Town struggles in attracting and retaining staff members. This has been particularly acute with police officers but is also the case with public works crew and especially administrative staff. To address this challenge the Town is revising the adopted Personnel Policy to modernize the classification system and provide for differentiation based on certifications, licenses, training, etc. This allows further flexibility for salary increases and establishes compensation based on job responsibilities and supervision. It also encourages promotion from within and succession planning. This will apply across the board to every Town department. The creation of a revised pay plan will mean that most employees will receive a gross salary increase.

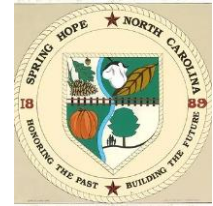
In the Police Department the FY25 proposed budget increases the starting salary for patrol officers to just over \$48,000. Also, the FY25 budget funds two Sergeant positions each paid \$51,412. Although the Town experienced difficulty hiring a seventh officer, thanks to the frugality of the FY24 budget the Town saw Police Department staffing restored to seven. If annual revenues come in as anticipated and barring emergency expenditures, the Police Department should be able to hire the eighth officer in the last half of the fiscal year.

Public works receives an additional FTE as a Utility Technician. Administration receives an FTE in an additional Finance Clerk position that resulted in part from the elimination of the tax collection job function.

Under a planned reorganization of administration, the Finance Officer position will be elevated to a department director supervising two clerks as well as the Customer Service Representative. Finance and compliance have grown significantly as an overall function of governance thus requiring increasing delegation of the varied duties.

A listing the larger duties yet to be assigned: accounts payable; accounts receivable; payroll; bank reconciliations; journal entries; cemetery administration; ordinances, resolutions, agendas, minutes for BOC; public information/FOIA requests; grant finance administration; agendas, minutes, and administration for the Planning Board (currently all performed by one person; the Finance Officer/Town Clerk). Other duties largely performed by the Customer Service Representative will stay with that function include utilities billing; data collection and State compliance reporting; work orders.

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The Finance Officer will retain employee benefits administration. The Finance Officer will continue to be responsible for procurement. The Town Manager will become responsible for IT and the Town's website. The Board of Commissioners has previously voted to assign tax collection to Nash County.

The reclassification and reorganization should assist in retaining and attracting valuable staff members. A well-justified salary and classification system is a long overdue element of town governance.

Building Maintenance: Deferred maintenance has taken a toll on Town properties. While we have successfully incorporated small scale improvements into the last two Town budgets, it has been insufficient to produce discernible results. The Town has had the Community Building off line for water intrusion for 2 years now. The FY25 budget allocates funds to pay a general contractor to stabilize the building. Preserving the Community Building is important for Town of Spring Hope as future growth of Town Hall will require relatively inexpensive and convenient space and storage. The Spring Hope Museum shares the same town-owned parcel as the Community Building. There is lots of future potential for interesting and beneficial projects.

Additionally, the proposed budget has funding to paint the interior of Town Hall. Town Hall has had little significant maintenance since it was constructed 15 years ago. In July 2023 (FY24) we replaced the last original unit of three HVAC heat pumps for Town Hall. That unanticipated cost created a \$24,000 expenditure in the FY24 budget largely swallowing the maintenance budget.

Equipment maintenance: With a mature fleet comes repair and maintenance costs. The proposed budget funds equipment maintenance to keep the Town's equipment running as long and well as possible.

Equipment purchases are limited to another lawn mower, and a leaf vacuum with a larger dump trailer. The Public Works crew is efficient in expediting tasks. Increased mechanization allows the crew to make the most of their small number.

The Police Department will receive new vests for every officer (some of that cost is offset by a small grant) and equipment for the seventh officer.

The Town's agreement with Braswell Memorial Public Library remains the same. The FY25 budget proposes a \$1,000 monthly payment to Spaulding Family Resource Center to house the library. The museum will continue to receive a \$750 stipend.

OPEB. According to GASB 74/75 communities must report Other Post-Employment Benefits (OPEB). The budget includes \$2,500 funding to pay actuarial services to calculate the cost of post-retirement health insurance.

Economic Development. The proposed budget includes the 5% match for the Rural Downtown Economic Development (RDED) grant. Also, the proposed budget includes funding to acquire, transport, and fit out a caboose for storage at the depot. The economic

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development budget will also pay for improvements around the depot and FF&E that cannot be funded with the Rural Transformation Grant, including sidewalks, landscaping, other improvements around the depot, and tables and chairs for the depot.

Revenues: The FY25 budget is predicated on keeping the mill rate at .67 per \$100 of valuation. Total assessed value in the Town of Spring Hope for FY25 is estimated at \$122,621,000. With the higher assessed values the budget has space to address still increasing price inflation. The costs of goods and services continue to grow exponentially higher than official figures. Often, the Town encounters prices 40-50% higher than just two years prior. Revenues are forced to keep pace with real world prices.

Due in part to the annual step up in GFL contract for curbside collection, the Sanitation Fund will require a \$1 per month increase to the Trash Fee.

No water-sewer rate increases are proposed for FY25.

Fiscal Year 2025 will see the implementation of several larger planning projects. The system development fee report will be complete and ready for adoption at the end of FY24. At the time of this budget message the fee amount is still being finalized. The System Development Fee is a charge paid by developers at the time of receiving a subdivision approval in the planning jurisdiction of the Town of Spring Hope. This will assist the Town of Spring Hope utilities in planning for residential growth.

Simultaneously with the adoption of the system development fee and the amended land use regulations the town should have adopted the Open Space and Recreation Ordinance by the end of FY24. That fee is proposed at \$1,500 per unit and will be set at budget adoption. Again, this is a fee paid per unit by the developer, but in this case the funds assist the Town in developing recreation and open space opportunities.

While the Spring Hope Depot event space may not be complete until the very end of FY25 it makes sense to set the revenues now within the fee schedule. The proposed deposit and fees for renting the Depot Event Center should reflect the significantly upgraded space and generate sufficient revenues to off-set regular maintenance of the facility. A non-refundable \$300 non-refundable deposit is proposed and fees vary upon day and time..

For FY24 cost of materials and labor increased significantly, there is no reason to believe costs will not continue to increase, including meters and supplies. The cost of service tap deposits is proposed to increase as well and the FY25 budget proposes going from \$1,000 each to \$1,500 each for sewer and water tap fees.

The proposed FY25 budget builds on the previous two years and lays further ground work for succession planning, sustainable operations, and appropriate staffing. Over the previous two years the Board of Commissioners and town staff have worked diligently toward stabilizing Town services and improving operations without any tax increases. However, labor and material costs have skyrocketed and unfortunately revenues must expand to keep pace. The proposed FY25 budget expands service provision in Town of Spring Hope in the face of ever escalating costs. The proposed FY25 budget preserves and expands services to the residents and businesses of the Town of Spring Hope.