MANAGER PROPOSED FY 2024-2025 BUDGET

Monday, May 13, 2024

City Council Regular Session Meeting- 7pm

Bessemer City
NORTH CAROLINA EST.1893
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Budget Schedule

March 1

Department Head Budgets Due to City Manager

March 1-15

City Manager Meetings with Each Department Head to Review Budget

March 15-22

City Manager and Finance Director Meet to Review Budget

April 2

City Council Work Session- Budget Session 1

March 26-April 30

City Manager Meetings with City Council Members as Needed

April 30

City Council Work Session- Budget Session 2

City Clerk to make Proposed Budget available for public inspection.

May 13 ⬅

City Council Regular Session- Budget Presentation and Public Hearing

May 28

City Council Work Session- Budget Session 3 (if needed)

June 10

City Council Regular Meeting- Budget Public Hearing 2 (if needed) and Adoption

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Presentation Agenda

- MISSION, VISION, VALUES & GOALS
- GENERAL BUDGET HIGHLIGHTS & CIRCUMSTANCES
- BUDGET HIGHLIGHTS (BY FUND)
- PROPOSED FEES AND RATE CHANGES
- STAFF INVESTMENT
- CLOSING REMARKS



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MISSION, VISION, VALUES, & GOALS

Vision & Mission

Vision… Our Future

Bessemer City strives to be a unique and welcoming community that connects people to economic opportunities and a higher quality of life.



Mission…Our Purpose

Bessemer City provides high quality public services in a responsible manner that creates success.

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Values & Goals

Values

*Accountability
*Ethics
*Respect
*Commitment/Dependability
*Open-Mindedness
*Honesty



Goals

#1 Promote a desirable place to live and work that provides a healthy quality of life.

#2 Ensure a safe and secure community for residents and visitors.

#3 Invest in high quality infrastructure to support a thriving and diverse economy.

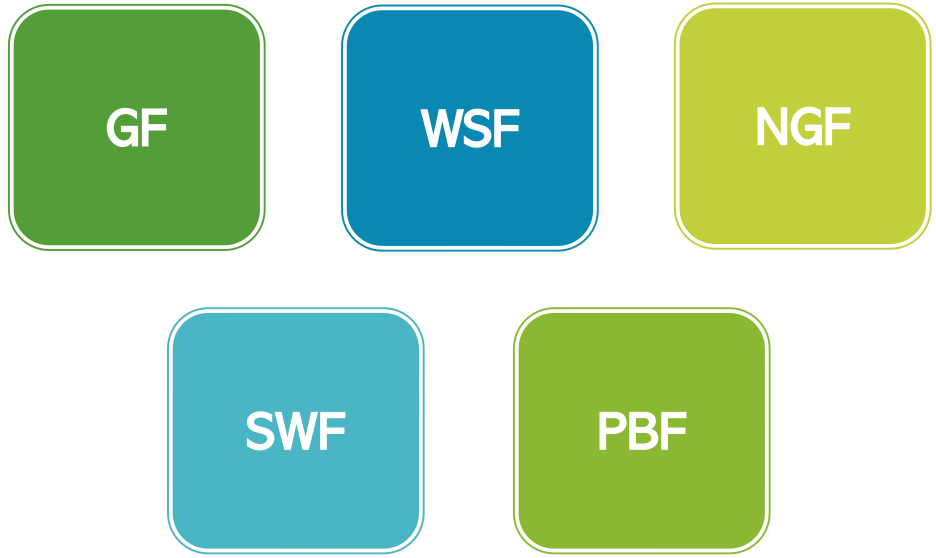
#4 Provide opportunities for citizen engagement and promote volunteerism.

#5 Foster organizational sustainability that embraces innovation and creativity.

GENERAL BUDGET HIGHLIGHTS & CIRCUMSTANCES

General Highlights

- Total proposed budget is **$15,473,200** between all funds
- The proposed budget primarily includes general operational expenses, payroll, and debt service.
- The proposed budget includes efforts to address Financial Performance Indicators of Concern (FPIC) as established by the Local Government Commission (LGC) in our 22-23 Audit.



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General Highlights- 5 Factors

1. Additional debt service
2. Additional operational expenses
3. Fund balance
4. Investment for growth
5. Decrease in utility usage

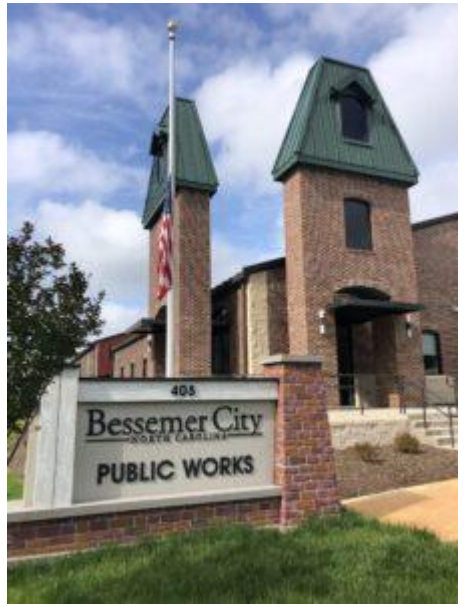


General Highlights- 5 Factors

1. Additional Debt Service



- Capital investments over the last 10 years
  - New Public Works Facility
  - Fire Department Expansion
  - Stinger Park
  - Pump/Lift Station Improvements
  - Centennial Park Expansion
  - City Hall Annex
  - Streetscapes
  - Utility Investments
  - Water Plant Renovation
  - Community Center Renovation





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General Highlights- 5 Factors

2. Additional Operational Expenses

- Operational expenses stemmed from capital projects, i.e. staffing, utilities, etc.
- Operational expense increases caused by inflation



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General Highlights- 5 Factors

3. Fund Balance

- Not budgeting with fund balance (savings) to balance the budget
- Build back fund balance (savings) to comply with LGC and help cash flow

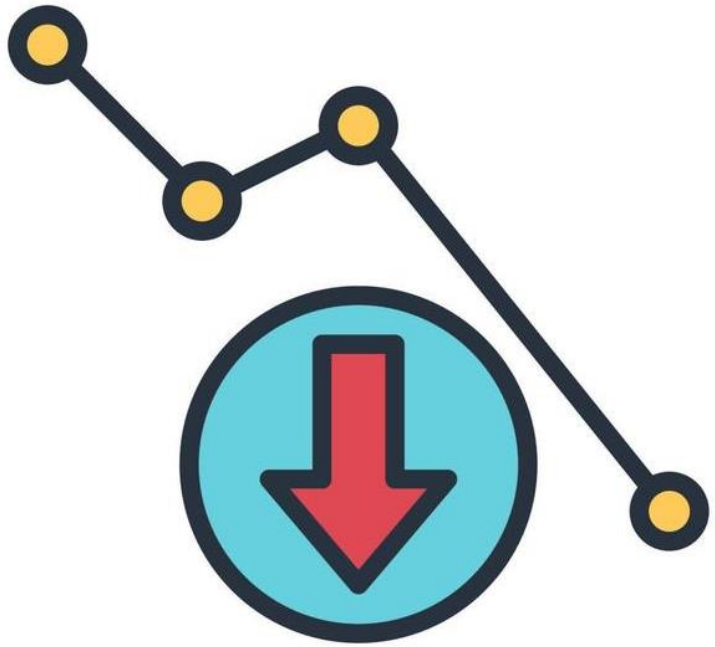


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General Highlights- 5 Factors

4. Decrease in Utility Usage

- Less transfer of administrative shared costs to the General Fund
- General Fund should not depend on Enterprise Fund operations
- Charges more accurately reflect shared costs between funds



General Highlights- 5 Factors

5. Investment for Growth

- Preparing for additional services and projects stemmed from growth
- Investing in projects that control growth to a manageable level that matches Council's community vision









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General Highlights- Tax Rate

- The proposed budget includes raising the tax rate from $.45/$100 to $.60/$100 of valuation ($.15 increase)
- The City has only increased the tax rate $.02 in over 10 years ($.47 for one year)
- The proposed rate increase helps to address Financial Performance Indicators of Concern (FPIC), supplement lost revenue, account for new expenditures, and address operational funding needs



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BUDGET HIGHLIGHTS (BY FUND)



General Fund

GF

- Revenue Changes:
  - $.15 tax rate increase ($.45 to $.60)
  - Solid Waste Fee to $16/cart/month ($12 to $16)
  - Decrease in Enterprise Administrative Charges from $950,000 to $800,000
  - No fund balance (savings) to balance budget
- Expenditure Changes:
  - 24/7 funding for PT Fire coverage
  - 2% COLA for staff (all funds)
  - Council Goals- Code review, RecDesk Software, Ice Machine for Stinger Park, PD Recruitment Material, Pool Improvements, etc.

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General Fund

GF

Tax Rate:

- Raising the City's tax rate from $.45 to $.60 per will generate approximately an additional $1,050,000
    - Approximately $1,050,000 in additional funding, most of which will go towards:
        - $190,000 for additional Fire Department Staffing (from 23-24 adopted figure)
        - $110,000 in Stinger Park maintenance and utility expenses.
        - $250,000 in fund balance to balance last year's budget.
        - $150,000 less from Enterprise Funds charges to the General Fund
        - $130,000 property/liability insurance increase in General Fund (Enterprise Fund charges more accurately reflect shared costs).
        - TOTAL: $830,000 (of the $1,050,000 additional capital)

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General Fund

GF

$220,000 in GF left for:

- Goal prioritization (exercise completed by Council)
- 2% COLA for staff (all funds)
- Account for inflationary changes
- Effort to build back fund balance and cash flow (LGC Financial Performance Indicators of Concern)

Water/Sewer Fund

WSF

Revenue Changes:

- 7% Water Rate Increase
- 10% Sewer Rate Increase
- Increase for water and sewer to account for:
  - Increase operations costs
  - Increase debt service in Water/Sewer Fund
  - Increase sewer processing costs
- Use $0 in fund balance to balance budget

Expenditures Changes:

- Million Gallon Tank Maintenance
- Long Creek and WTP Pond Dredging

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Natural Gas Fund

NGF

Revenue Changes:

- Natural gas is down in commercial usage
- Weather continues to impact projections and usage for all customers
- Base fee rate change for industrial customers: $6 to $8
- No Base or availability fee changes for residential or commercial customers

Expenditure Changes:

- Additional Gas Technician/Backhoe Operator
- Administrative charge decreased from $300,000 to $100,000

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Stormwater Fund

SWF

Revenue Changes:

- Residential Stormwater: $6.00/month ($3.07 to $6.00)
- Non-Residential: based off impervious surface schedule; charged at 50% rate for 2024-2025 Fiscal Year

Expenditure Changes:

- Full-Time Stormwater Administrator
- Additional funding for stormwater maintenance and repair

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Powell Bill Fund

PBF

Revenue Changes:

- Projecting $180,000 in the 2024-2025 Fiscal Year Budget

Expenditure Changes:

- Primarily include general resurfacing, patching and debt service.
- Future paving needs should be considered as debt service rolls off to address needed street repairs.

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PROPOSED FEE & RATE CHANGES

Proposed Fee & Rate Changes

General Fund
- Property Tax: $.45/$100 to $.60/$100 of valuation
- Trash Service: $12 to $16 per cart; customer-paid bulk pickup

Water/Sewer Fund
- Water: 7% increase in water
- Sewer:10% increase in sewer

Natural Gas Fund
- Base Rate: $6 to $8 base fee for industrial customers

Stormwater Fund
- Residential: $3.07 to $6.00 for residential customers
- Non-Residential: 50% of impervious study ($3.00 multiplier)

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Proposed Fee & Rate Changes

<u>Other Fees</u>

Sewer Tap (4”)- $700 to $1,000
Sewer Tap (6”)- 1,000 to $1,500
Variance Request- add advertising costs
Conditional Use Permit- $700 to $1,200 plus advertising costs
Special Use Permit- add advertising costs
Zoning Map Amendment- $600 to $800 plus advertising costs
Zoning Text Amendment- add advertising costs
New Multi-Family- $10 per unit to $50 per unit
Non-Residential up to 5,000 sq. ft.- $200 to $250
Minor Subdivision Plat- $200 to $300
Major Subdivision Plat- $600 to $800
Recombination Plat- $50 to $100
Telecommunication Towner- $2,500 to $5,000
Annexation Petition $350 to $400 plus advertising costs
Street/Alley/ROW Closure- add advertising costs



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Fee and Tax Rate Increase- Example

Tax Rate:

- A house with a $200,000 taxable value would pay $900/year to the City in taxes with a $.45/$100 valuation rate
- A house with a $200,000 taxable value would pay $1,300/year to the City in taxes with a $.60/$100 valuation rate

Annual Increase: $400

Fees:

- Minimum Water: $13.10 to $14.00 ($.90)
- Minimum Sewer: $18.65 to $20.50 ($1.85)
- Stormwater Charge: $3.07 to $6.00 ($2.93)
- Trash Cart per Container: $12.00 to $16.00 ($4.00)

Annual Increase: $116.16

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STAFF INVESTMENT

24-25 Budget Presentation- Regular Meeting

Staff Investment

- 2% COLA for staff (no COLA in the 23-24 budget)
- Investment in our greatest asset, TEAM BC
- Competitiveness and talent attraction
- Continue to ensure salaries and benefits match the market



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CLOSING REMARKS

Closing Remarks

- <u>New Growth</u>
  - Industrial Growth- Southridge 85 and Edgewood 85 Commerce Park
  - Residential Growth- Single Family, Multi-Family (Apartments and Townhomes)
  - Historic Rehab- Osage Mill
  - Small Business- Downtown Development
  - Future Growth Patterns
- <u>Grants</u>
  - Stormwater Planning and Asset Inventory
  - Community Branding and Economic Development Studies
  - Public Safety Infrastructure Grant



Thank You

24-25 Proposed Budget Information

www.bessemercity.com/budget

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