

# **TOWN OF MARS HILL**

**FY 2020 – 2021**

## **BUDGET MESSAGE**



**June 15, 2020**

**Nathan R. Bennett**  
**Town Manager**

# TOWN OF MARS HILL BUDGET MESSAGE

FISCAL YEAR 2020-2021

***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 2020-2021 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 \$2,028,959. The Water and Sewer Fund is balanced with revenues and expenditures each totaling \$1,069,600.

## **INTRODUCTION**

This budget message will introduce the Town of Mars Hill Fiscal Year 2020-2021 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. Due to the worldwide coronavirus COVID-19 pandemic, great uncertainty has been injected into the national and local economies. With stay-at-home public health orders and general concern with the spread of this deadly virus, the nation prepares to enter a recession. This economic downturn will affect spending for goods and services which in turn will negatively impact the amount of sales tax and other consumer-driven taxes and fee revenue available to the Town. In addition, interest income earned on Town reserve accounts has also taken a drastic downturn in the existing economic conditions and it is unknown when this may improve. While this is a small contribution to the overall budget, interest performance is a significant indicator of the durability of overall economic conditions.

Regarding property taxes for Fiscal Year 2020-2021, management recommends no change to the current property tax rate at this time. 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 \$593,659. This budget has been developed with property valuations as presented by Madison County Tax Department that continue to be subject to modification due to ongoing reappraisal activities by the county. Due to the continued fluidity of final valuations of both real and personal property, together with the unknown effects of the COVID-19 pandemic on the collection of property tax throughout the new fiscal year, an accurate revenue neutral calculation rate is not possible at this time. Management recommends the Board

and management review the prevailing tax base valuation situation again prior to issuing tax statements later this fall to ensure an appropriate rate is applied to final property value determined by the county tax department that will sufficiently address operational needs. Ultimately, property tax combined with 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 \$2,028,959.

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. Water user fees have been drastically impacted in the current fiscal year due to COVID-19 effects that caused the premature closure in March of Mars Hill University and Mars Hill Elementary School, both significant water users. The Town lost thousands of dollars in revenue that was anticipated for the months of March, April, and May due to the closure of these facilities to comply with COVID-19 public health directives. The ongoing operation plans for these two schools in the upcoming fiscal year could again have a serious impact on the revenue necessary to efficiently operate the water system. At this time, those entities intend to resume “normal” operation with the new academic year beginning in August, but those plans could change should there be a resurgence of the virus. Town staff will monitor this volatile situation and make corrective recommendations as appropriate.

### **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. Normally, the intention of this section is to highlight some of the larger appropriations for departments and key initiatives included budget. In this era of economic uncertainty due to the continued effects of the COVID-19 pandemic, management recommends limited new capital investments but concentrating financial resources on necessary public safety enhancements and completion of in-progress initiatives.

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 nearly 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. Continuing an initiative from the current fiscal year to improve pay for public safety employees, funding is included in this budget to improve the pay rate for full-time firefighters to a minimum pay rate of \$15.00 per hour. There is also an additional amount recommended for capital equipment as need may warrant. The complete fire department budget is recommended for an appropriation of \$532,131.
  
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. In 1995, Mars Hill had five (5) full-time officers and now 25 years later there are still only five full-time officers. Overall, the department does a good job of criminal enforcement and keeping the Town safe with existing staffing levels even though there is significantly more vehicular traffic passing through Town and coming off I-26 together with the significant residential growth we are seeing.

The productivity of the Department can be seen with a breakdown of increased calls for service over the last five years. There has been a 207% increase in the number of calls the Department responded to from 2015 through 2018 and a 189% increase from 2015 through 2019.

<b>Year</b>	<b>Individual Call Report</b>
2015	843
2016	1520
2017	2419
2018	2595
2019	2439

In addition to this call volume activity, the Police Chief spends a significant amount of time engaged in patrol responsibilities and coverage of shifts while officers are on vacation/training/sick, while certain administrative responsibilities must be delayed. When these situations occur, it often means there is no shift overlap coverage during critical high calls volume times. The Mars Hill Police Department officer to population ratio is 2.74 officers per 1,000 in population, where the average is 4.73 officers per 1000 population. This officer ratio is exasperated by the fact the Department polices a community including a university with no sworn campus police. In discussion with the Police Chief, this situation can be improved with the addition of a detective officer position. To that end, this budget provides for the addition of one (1) additional full-time police officer/detective position and the associated personnel and equipment costs for the position of approximately \$64,000. The complete police department budget is recommended for an appropriation of \$476,569.

3. **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 in January 2019. In March 2020, this project was enhanced to include renovation and other improvements to the wastewater pump station at Carl Eller Road north of I-26. This work will occur in the coming months with amended grant funds from the US Economic Development Administration, Golden LEAF Foundation and local capital improvement funding. These improvements will improve the capacity and reliability of this critical utility service to the area in the vicinity of Exit 9, NC 213 and Crossroads Parkway. This budget also includes funds to complete construction of the North Main Street waterline improvement project and make other improvements and replacement of certain water lines and meters to improve efficiencies system-wide as appropriate.
  
4. **Employee Compensation:** Town employees work hard to provide a safe, secure, healthy and prosperous community. Never has their work been so vital as during the COVID-29 State of Emergency. Every department has stepped up to serve our community in the most effective ways during this very uncertain time. Although protocols were changed and public access to facilities was limited, never did a task go undone. 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 of \$1,500 for all permanent full-time employees (pro-rated for part-time employees). In addition to compensation, the N.C. Local Government Retirement System has increased the employer (Town) contribution rate an additional 1.13% for all general employees and 1.2% 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, 2021, however, 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 15<sup>th</sup> day of June 2020.

A handwritten signature in black ink, appearing to read "Nathan R. Bennett". The signature is fluid and cursive, with a large initial "N" and a long, sweeping tail.

NATHAN R. BENNETT,  
Town Manager