CITY OF MOUNT HOLLY
MOUNT HOLLY CITY COUNCIL WORK SESSION
Location: Council Chambers

May 23, 2022
6:30 P.M.
CALL TO ORDER BY THE MAYOR

INVOCATION

SET THE AGENDA

AGENDA

1. Presentation of a Retirement Resolution — *Mayor Bryan Hough*

2. Discussion of the 2022-2023 Proposed Budget and Fee Schedule — *Michelle Wood*

CLOSED SESSION

1. Closed Session Pursuant to N.C.G.S 143-318.11 (a) (3, 4,5 and 6)

ADJOURN

City of Mount Holly
Action Agenda Item

To:	Mayor and City Council	**Date:**	May 20, 2022
From:	Michelle Wood	**Meeting Date:**	May 23, 2022

Agenda Item to be considered: Proposed Budget Presentation

Will this require a public hearing? ☐ **YES** ☒ **NO**

Background/Purpose of Request:

Fiscal Impact:			
Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☒ YES	☐ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☐ Yes	☒ NO	☐ N/A
Total City Dollars:			
Budget Code:			
Reviewed by City Attorney	☐ YES	☒ NO	☐ N/A

Manager/Staff Recommendation:

Result of City Council Decision:______

Attachments: Proposed Budget Presentation

City of Mount Holly
Proposed FY 2022-2023 Budget Presentation

Michelle Wood- Finance Director

Budgeting- Our approach

- All Departments submitted line items to Finance
- Finance reviewed all line items and made corrections
- Finance met with the City Manager and Assistant City Manager to review all departmental requests and revenue projections
- Finance met with all departments and discussed changes needed and prioritized capital requests
- Proposed budget was prepared and reviewed with the City Manager and Assistant City Manager
- Council was given a proposed budget to review

Proposed Budget Totals - By Fund

- General Fund - $17,153,827
- Enterprise Fund - $13,866,179
- E-911 - $321,188
- TDA - $126,163
- Powell Bill - $1,276,100

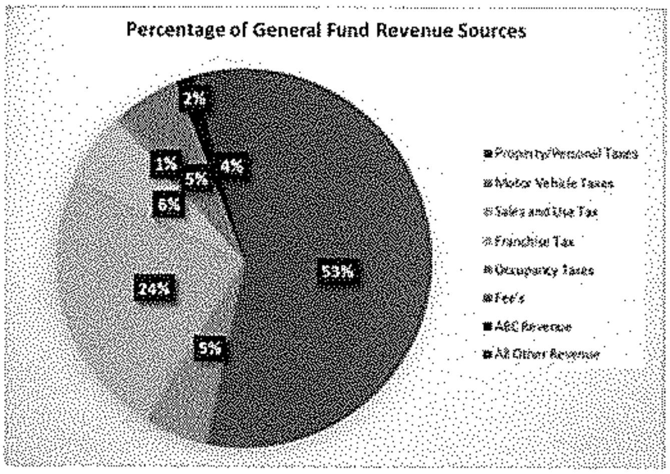
  - Total $32,743,457 - 11.48% over FY 2021-2022

Tax Rate

- Ad Valorem tax rate remains at 48.5%
  - Revenue neutral rate is 48.83 cents

General Fund Revenue Projections

- Forecasted Increases 2022-2023
  - Ad Valorem Revenue is projected at $9,127,691
  - Sales and Use Tax is projected at $4,033,036
  - Motor Vehicle Taxes is projected at $915,000
  - Franchise Tax is projected at $1,022,000
  - Occupancy Tax is projected at $140,000
  - ABC revenue is projected at $275,000
  - Fees are projected at $890,000 (tipping fees, recycle fees, rollout fee, solid waste fees)
  - All other revenue is projected at $751,100



Expenses - Our Approach

- Asked departments to only request operational needs and factor in inflation
- Included salary adjustments per CPI in January 2022 of 7.5% and longevity
  - Last FY we used March CPI of 2.6%, March 2022 was 8.5%
- Department requested 25 New Positions
  - 18 General Fund, 7 Enterprise Fund
- Proposing 14 new Positions
  - 9 General Fund, 5 Enterprise Fund
- Included Travel and Training
- Included capital and vehicle replacements

Expenses - Things to Consider

- Personnel Cost Increases- Outside of our control
  - Health Insurance - 9.86% increase
  - Retirement - Mandatory increase from 11.41% to 12.15% for General Employees and from 12.04% to 13.04% for Law Enforcement Employees

- Proposed 7.5% CPI adjustment
- Proposed to continue Longevity
  - General Fund - $78,700
  - Enterprise Fund - $26,270
  - Total $104,970
- Other Expense Increases
  - Fuel
  - General Insurance (Property and Liability, Workers Compensation, Cyber Security)
  - Utilities- Gas, Electricity
  - Operational supplies

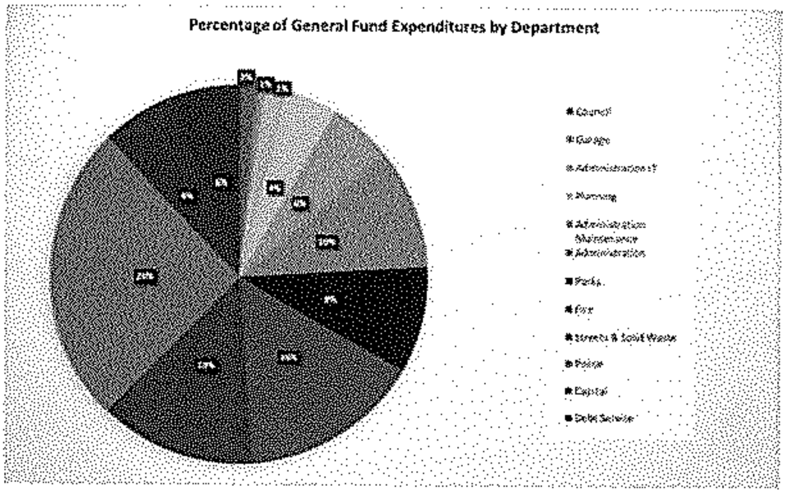
Surrounding Cities Proposed Data

- Gastonia – Implemented 10.7% increase in January 2022
- Belmont – 4% COLA and up to 3% Merit
- Ranlo – 4% COLA
- Lowell – 5% COLA
- McAdenville – 6% COLA
- Bessemer City – 7.10% COLA
- Cramerton – 5.50% COLA and 2.5% Merit
- Gaston County – 6% COLA

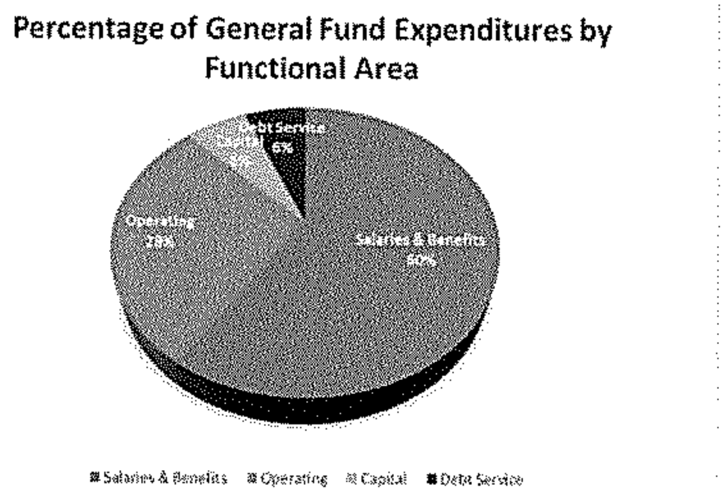
  - Local Average 5.90%
  - Total Average among the 49 reporting municipalities – 5.99%

General Fund Expenditures by Department

- Council - $262,125
- Garage - $125,136
- Admin IT - $284,441
- Planning - $770,758
- Admin Maint. - $942,734
- Administration - $1,740,717
- Parks - $1,567,374
- Fire - $2,689,868
- Streets and Solid Waste - $2,310,037
- Police - $4,348,682
- Capital - $1,062,883
- Debt Service - $1,049,072



Expenditure Functional Area Percentage

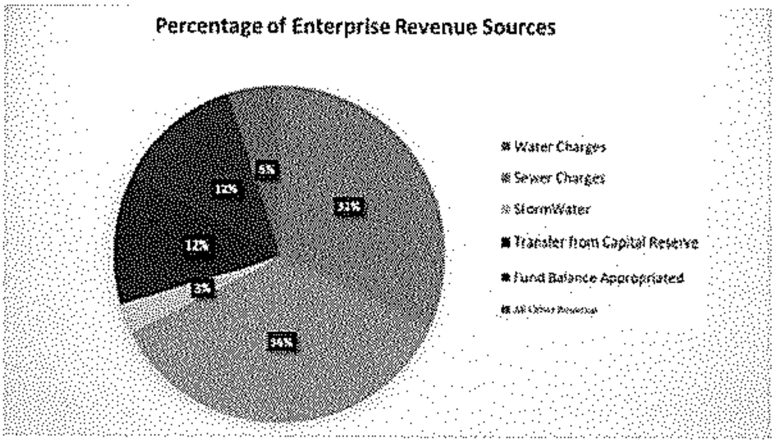


Revenue Projections- Our Approach

- State-Collected Local Government Tax Revenue Projections compared to the NCLM Projections
  - Leagues Projected increase – 3.0%
  - Our Projected increase – 2.79%
  - Difference - negative 0.21%
    - Our conservative approach was slightly more conservative than the NCLM's conservative approach
- All other City projected revenues
  - Staff used a trend approach while remaining conservative to evaluate each revenue source
    - Overall average increase over current fiscal year 2021-2022 is less than 1%
    - Overall average increase over prior fiscal year 2020-2021 is 1.23%

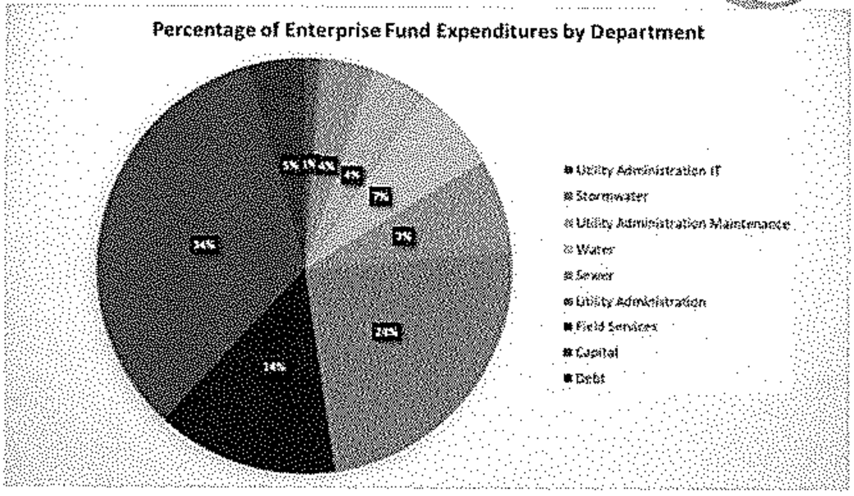
Enterprise Revenue Projections

- Water Charges - $4,349,658
- Sewer Charges - $4,967,348
- Stormwater - $400,000
- Transfer from Capital Reserve - $1,760,000
- Fund Balance Appropriation- $1,679,638
  (FY 22 Projects not complete and moving to fund in FY 22-23)
- All Other Revenue - $709,535



Enterprise Fund Expenditures by Department

- Utility Admin IT - $157,995
- Stormwater - $581,666
- Utility Admin Maint. - $586,973
- Water - $942,741
- Sewer - $983,815
- Utility Administration - $3,347,199
- Field Services - $1,969,679
- Capital - $4,667,067
- Debt - $629,044



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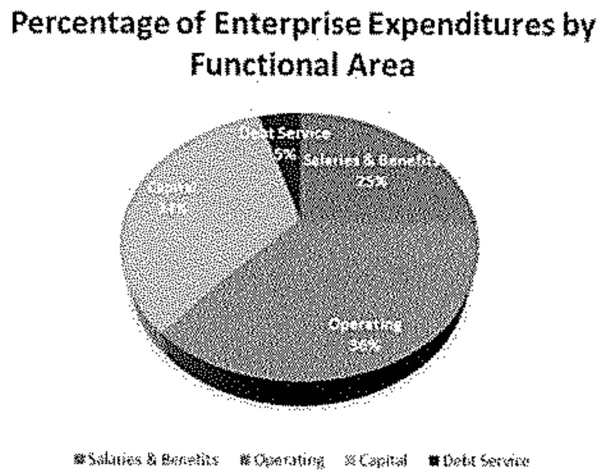

Water and Sewer Rate Plan – Year 4 of 5

	Gallons	Current Rate	FY 22-23	Increase
Water Base	2,000 or less	$11.30	$12.00	$0.70
Sewer Base	2,000 or less	$14.00	$16.00	$2.00
			TOTAL	$2.70
Water Base	5,000	$11.30	$12.00	$0.70
Water Volumetric	5,000	$12.27	$13.56	$1.29
Sewer Base	5,000	$14.00	$16.00	$2.00
Sewer Volumetric	5,000	$16.86	$20.61	$3.75
			TOTAL	$7.74

Comparison Sample Bill – 5,000 Gallons

Sample Bill 5,000 Gallons	Gastonia	Mount Holly	Belmont	Stanley	Bessemer City	Dallas
Water Base / Availability Charge	9.80	12.00	14.67	20.60	15.35	-
Waterline Replacement/ Customer Charge	3.26	3.35	-	-	-	-
Volumetric Charge	14.50	13.56	22.41	13.60	20.85	-
Total Bill Water $	27.56 $	28.91 $	37.08 $	34.10 $	36.20	$56.48

Sample Bill 5,000 Gallons	Gastonia	Mount Holly	Belmont	Stanley	Bessemer City	Dallas
Sewer Base / Availability Charge	14.10	16.00	17.28	20.50	15.35	-
Sewerline Replacement/ Customer Charge	3.26	6.30	-	-	-	-
Volumetric Charge	20.90	20.61	26.88	28.90	35.25	-
Total Bill Sewer $	38.26 $	42.91 $	44.16 $	49.40 $	50.60	56.48

	Gastonia	Mount Holly	Belmont	Stanley	Bessemer City	Dallas
Sample Bill 5,000 Gallons	$ 65.82	$ 71.82	$ 81.24	$ 83.50	$ 86.80	$ 112.56

Other Funds

- E-911- $321,188
  - Revenue – Fund Balance Appropriated $321,188
  - Expenditures – $321,188
- TDA- $126,163
  - Revenue – Occupancy Tax Proceeds $126,163
  - Expenditures - $126,163
- Powell Bill $1,276,100
  - Revenue – Powell Bill Funds $545,100
    Loan Proceeds $731,00
  - Expenditures - $1,276,100

Capital Improvement Plan (CIP)

New Software Implementation – Breeze (cloud-Based)

- Complete overhaul
- New CIP document
- Updated Yearly

- General Fund Budgeted - $1,062,883
- Enterprise Fund Budgeted - $ 4,667,067

Fund Balances

Unassigned Fund General Fund Balance - $6,190,371
*Current estimated additional amount available for appropriations and stay at our internal policy of 25% -$2,510,000

Unrestricted Net Position Enterprise Fund Balance- $8,726,967

ABC assigned Fund Balance - $462,803 (estimated balance at 6-30-22 $698,074)

Questions?