

April 7, 2021

Dear Mayor & Council:

I present for your review and consideration the proposed budget for the Fiscal Year beginning July 1, 2021. I am able to report to you that the City will discharge all of its financial obligations for the current budget year in the proper manner. It should be noted that as a City and a society we have survived a vast and deadly global pandemic, one on such a scale that has not been seen for 100 years. Having been impacted both directly and indirectly by COVID-19 I would like to specifically provide a message of thankfulness for us all being delivered through this pandemic. We have lost much in terms of family, friends, fellow employees and even our sense of normalcy in the world. For this loss I am truly saddened and for those still suffering I want to convey a message of hope and of sympathy.

This budget as presented is a spending plan for the fiscal year beginning July 1, 2021 and ending June 30, 2022. Pursuant to NCGS 159-8, the budget presented is balanced as required by law. In this budget the operating expenditures of the City remain flat, but careful and precise expenditures are being provided for in order to enhance the public safety, improve the general welfare, and to continue to guard the public health. It should be noted that no new financing is a part of this budget, rather all the new items are being paid for on a PAYGO basis meaning “paid for as you go” rather than financed. These expenditures are enumerated below:

Public Safety

- 2 new fire trucks – 1 aerial, 1 ladder; delivered and financed last year in FY 21, but first payment this year in FY 22
- 8 new firefighters – a SAFER (Federal) grant is being applied for, and the City has budgeted a grant match
- 1 new animal control truck
- 2 new K-9s for police work replacing 2 retiring K-9s

General Welfare

- Resurfacing streets: Prospect Street, Monroe Street, Henry Street, Cedar Street, Harmon Drive, Park Road, Hamlin Street, Knight Street, Taft Street, Delaware Avenue, Mill Avenue
- Renovating outdoor basketball courts: Bridge Street Recreation Center, Peter Hill Park
- Improving public parking lots: Monroe Street Municipal Parking Lot
- Comprehensive Plan – a guide for the community’s development in the future

## Public Health

- Upgrading water plant valves and operational controls for continued high quality performance in treating the City's drinking water
- Replacement of approximately 2,240 linear feet of waterline on Bridge Street, Glovenia Street, Maple Lane, and Byrd Avenue; to improve the drinking water supply system for residents
- Designing the replacement of approximately 1,015 linear feet of waterline to plan for future replacement
- Replacing an influent grit blower at the wastewater plant for better performance in the wastewater treatment process
- All sanitary sewer related work is being provided for as part of grant funds, a separate project budget accounts apart from the annual budget

This budget proposal includes that there be no property tax increase keeping the rate at \$0.6090 which marks the 13<sup>th</sup> year without an increase since 2008. No general fee increase is proposed this fiscal year except that it is anticipated that the schedule of fees may be revamped for parks and recreation activities sometime during the year as part of the work of the Parks Commission to bring about modernization changes. A pass-thru fee increase is proposed of \$1.00 in the solid waste fee from \$18.75 to \$19.75 in order to pass-thru the cost of landfill disposal that was increased \$1.00 by Rockingham County Government. A cost of living adjustment is being provided to City employees effective the first payroll in January 2022, this increase will be 1%. The proposed general fund budget is \$16,423,300 with the ad valorem tax rate of \$0.6090 per \$100 of valuation. The proposed water and sewer fund budget is \$10,253,700. The proposed self-insurance fund budget is \$3,742,500.

Several continuity items are also being addressed in this budget:

- The water and sewer rate increase held in abeyance for a number of years is no longer necessary, and in this budget and moving forward no further reference will be made.
- A future potential rate escalator for water and sewer may be necessary in order that the water and sewer operations of the City keep pace with inflation. Again, this is a potential mechanism to address inflation, but is not recommended this fiscal year.
- Solid Waste is recommended to be made into an enterprise fund and it is the goal of this budget to begin that process. Rockingham County Government is increasing the tip fee for the disposal of solid waste by \$1.00, in turn this budget will pass on this cost of doing business to the consumer. Other changes are intended to reduce cost, these changes will occur internally related to cost containment and assignment as well as in the enforcement of rules and regulations related to bad or otherwise abusive loads. In future budget years it is anticipated that Solid Waste will become its own enterprise fund and supported entirely by the user base.

Items not addressed in this budget:

- The recent Federal COVID stimulus ("American Rescue Plan") is not addressed in this budget, it is anticipated that the realization of Federal COVID stimulus may require budget amendments based on the revenue received. Since by law (NCGS 159-13) the realization of when the revenues would be received is uncertain (the US Treasury has not promulgated regulations for the use of the funds in the Federal

Register nor has disbursed funds to date), they therefore are not appropriate to budget for at the present time.

- The potential for a \$15 per hour Federal minimum wage is not addressed in this budget.
- Allocations for advisory boards, committees, and commissions. All previous allocations to advisory boards, committees, and commissions have been withdrawn from the budget in order that as a group, representatives of each can meet, coordinate their work, and present a work plan with an accompanying funding request for consideration whereupon contingency funds can be allocated as the Council deems appropriate.
- The Capital Improvement Plan is being taken out of the budget proper to allow for two things to occur: 1) that the status of Federal COVID stimulus impacts on debt and capital can be taken into account, 2) that the Capital Improvement Plan can be converted into a majority PAYGO plan moving forward to lessen the debt service requirements of the City in future years as well as to mitigate the possibility of less than favorable interest rates in the future. Additionally, the Capital Improvement Plan, as a stand-alone document, will be escalated to a 10-year plan in order to provide planning guidance into the future.

I commend and applaud each resident, volunteer, elected official, and employee for their hard work, sense of community, and togetherness during this past year and encourage their continued hard work as we begin the next fiscal year. I especially thank Mrs. Tammie McMichael and Mrs. Amy Winn for their assistance in the preparation of this budget.

Copies of the proposed budget are being made available to news media and copies for the public to view will be available at City Hall in the Office of the City Clerk. As provided by law, above and herein the budget is thus submitted this the 7<sup>th</sup> day of April, 2021 in the County of Rockingham, City of Eden.

Respectfully Submitted,

Jon M. Mendenhall  
City Manager