



City of Hamlet



Office of the City Manager

May 8, 2018

The Honorable William 'Bill' Bayless, Mayor of Hamlet, North Carolina
Hamlet Mayor Pro-Tem Johnathan Buie
Hamlet City Council Members David Lindsey, Eddie Martin, Wendy Massagee, Jesse McQueen

Dear Mayor Bayless and Hamlet City Council:

As the City of Hamlet's Budget Officer and City Manager, I am pleased to present for your consideration the Manager and Staff's Recommended Budget for the 2018-2019 Fiscal Year ("Recommended Budget").

The Recommended Budget balances at **\$8,235,325**, an approximate 1.7% decrease from the prior 2017-2018 fiscal year budget. The Recommended Budget consists of a General Fund Budget of \$5,226,275, an approximate 3.6% decrease from the prior fiscal year; a Powell Bill Budget of \$299,750; and an Enterprise Fund Budget of \$2,709,300, an approximate 2.1% increase from the prior fiscal year. The Recommended Budget requires a \$573,525 fund balance appropriation for the General Fund Budget, an approximate 9% increase from the prior fiscal year and projects \$163,700 in surplus for capital reserve in the Enterprise Fund.

Chart A: Overview of the Recommended Budget

General Fund Revenues		Powell Bill Budget	Enterprise Fund Budget	
Governing Body:	\$33,220.00	TOTAL: \$299,750.00	Non-Departmental:	\$503,650.00
Administration:	\$441,250.00		Admin & Engineering:	\$257,900.00
Depot/Museum:	\$139,850.00	<u>Major Powell Bill Expenditures:</u> Street Patching: \$14,000 Sidewalks: \$12,000 Curb and Gutter: \$12,000 Street Resurfacing: \$105,000	Water Plant:	\$523,200.00
Finance:	\$156,400.00		Water Distribution:	\$606,700.00
Public Buildings:	\$213,350.00		Waste Treatment:	\$538,100.00
Police:	\$1,584,200.00		Waste Collection:	\$279,750.00
Fire:	\$1,071,920.00		TOTAL	\$2,709,300.00
Streets & Highways:	\$403,400.00	Powell Bill funding is allocated to participating communities through funds collected from motor vehicle fuel taxes and taxes on vehicles purchased and titled in North Carolina.	Enterprise Funding is the account for water and sewer system funding.	
Sanitation:	\$279,250.00			
Senior Center:	\$98,125.00			
Recreation:	\$304,050.00			
Horticulture:	\$170,850.00			
Non-Departmental:	\$330,410.00			
TOTAL:	\$5,226,275			

In a collaborative effort, the Recommended Budget was prepared over a two-month period amongst City staff coupled with direction and governing input from the Hamlet City Council ("Council"). Beginning at the March 2, 2018 Budget Planning Session, Council listened to the requests of multiple departments within the City and discussed what projects were critical needs to continue to provide the greatest degree of services to city residents. After preparing an initial draft budget, a second Budget Planning Session held on April 10, 2018 continued to yield a constructive vision focusing on the production of a frugal, fair, and forward-thinking operating budget.

REMAINING FRUGAL, FAIR, AND FORWARD-THINKING

COMMITMENT ONE: FRUGALITY

In uncertain and difficult economic times, it is important to remain committed to good stewardship of each dollar of public funds that the City is entrusted with. The Recommended Budget is prepared with a mindfulness of recognizing the importance of frugality through three broad measures.

The first measure is \$197,385 worth of cuts and decrease to the General Fund from the prior fiscal year. These decreases represent a pledge from all city departments to remain focused on providing quality service to all residents with a conservative spirit and conscience. These decreases are reflective of practices necessary to adjust to a year of leaner spending and maximizing current resources.

The second measure is a temporary freeze on most capital outlay projects. Council discussed the possibility of funding over \$300,000 worth of projects for various City Departments at the initial Budget Planning Session in March. However, due to the excessive fund balance appropriation needed to bring these projects into fruition and due to the fact that the 2016-2017 audit showed a slight decline in fund balance for the City, these projects have been put on hold until the end of the calendar year when final numbers can be evaluated to assess the City's economic position. These projects were not immediate necessities and the temporary postponement of these projects do not hinder, minimize, or jeopardize the core city services to city residents.

The third measure to further the commitment of frugality is to not provide for a pay increase to City employees for this fiscal year. During more prosperous years, the City has been able to manifest appreciation to our employees through yearly pay increases. Unfortunately, in order to focus on overall spending scale backs, the Recommended Budget does not provide for a pay increase for this fiscal year. The City will continue to provide health care benefits to City employees, which includes a 2% increase in health-insurance costs, the lowest increase the City has seen in four years.

These three measures of frugality are difficult, but necessary actions that will protect the City's financial stability and promote conservative spending. As noted above, during the 2016-2017 fiscal year, actual funds from the City's reserve were utilized to balance the budget, but only a fraction of what was actually budgeted was needed; thus, these above measures are implemented with an optimistic, but cautious mindset. Although frugality is important, the Recommended Budget does not undercut spending necessary to ensure quality safety and superior services.

COMMITMENT TWO: FAIRNESS

Next, the Recommended Budget seeks to further the commitment of fairness to City residents, City departments, and local partners. Residents, employees, and community groups are intertwined in an inseparable partnership that are interdependent on each other and the Recommended Budget seeks to build on that valued relationship. The Recommended Budget embodies financial fairness by wisely and purposefully investing in three key areas: comprehensive training, immediate utility needs, and quality of life for the community.

The first measure of fairness that the Recommended Budget reflects is investing in comprehensive training in the City's Police Department. \$5,000 is allocated to the City's firing range and training

Manager and Staff's Recommended Budget for the 2018-2019 Fiscal Year

facility, which ensures that all of the City's police officers have access to amenities that strengthen the entire department. The Recommended Budget also provides for \$8,000 in training to the Police Department, which will be utilized to ensure that the City's police officers have the training they need to protect, defend, and serve the residents of Hamlet. Over the last few years, the City has built a quality Police Department with new automobiles, equipment, and advanced training and this investment in comprehensive training continues to robustly build on that progress.

Next, by investing in immediate utility needs, the Recommended Budget promotes a fair allocation of public funds within two other departments. The Recommended Budget provides for an F-450 truck for the City's Public Work Department, which will be used to continue to provide quality service to all residents. Also, six air packs for the City's Fire Department are included in the Recommended Budget to continue to build on the City's fundamental goal of safety to emergency personnel and safety to the City's residents.

Lastly, in a continued effort to promote solidarity, to express a fair share of appreciation for civic organizations within the community, and to enhance the quality of life through obtainable efforts, the Recommended Budget provides for two expenditures. The first expenditure is a combined \$6,000 in civic contributions to Richmond County Crime Stoppers, the Richmond County Literacy Council, the Hamlet Depot Board, the Hamlet Woman's Club, and the National Railroad Museum. The second expenditure is \$60,000 for the repayment of the South Hamlet Basketball Court. These two measures are allocated to manifest appreciation to our community partners and provide a superior recreational opportunity to the City's residents.

COMMITMENT THREE: FORWARD-THINKING

Lastly, to approach the 2018-2019 fiscal year with a forward-thinking spirit, the Recommended Budget reflects new changes to the City's water and sewer billing system, which will generate much needed additional income to the City's Enterprise Fund in the upcoming years. Also, in that same spirit, the Recommended Budget projects a modest financial forecast for the next fiscal year.

First, effective July 1st, all water and sewer customers will be charged for water and sewer actually used each month, which will result in a total rate increase. All water and sewer customers will be charged a base charge and then charged per 1000 gallons used. This rate structure will help ensure that those customers who use the least are not bearing the burden of an increased water rate.

Unfortunately, the costs of chemicals necessary to treat water and sewage have been on the rise the last few years, as has costs of maintenance of equipment. Water and sewer rates have not been adjusted in over ten years and this rate change will help ensure that the City is able to continue to provide quality water and sewer access to all customers. These rate changes will also help ensure that the City will be competitive for infrastructure grants in the upcoming years for repairs to the Water and Waste Water Treatment Plants.

The City's Enterprise System, particularly the sewer system, has been steadily declining in prior years and these rate increases will allow for much needed revenue to critical city infrastructure in order to approach the future with a forward-thinking mentality.

Manager and Staff's Recommended Budget for the 2018-2019 Fiscal Year

Next, in regards to financial forecasting, the Recommended Budget projects that Local Option Sales Tax, both ½ cent sales taxes, and the City Hold Harmless Tax will yield approximately \$60,000 more than the prior fiscal period. These projections are conservatively modest and are based on prior year trends and economic assessments from outside agencies. Additionally, fees for broken locks, meter tampering fees, water and sewer taps, notary charges, planning and zoning permits, and rezoning/variance/special use permits will be increased under the Recommended Budget to more accurately reflect charges throughout North Carolina.

CONCLUSION

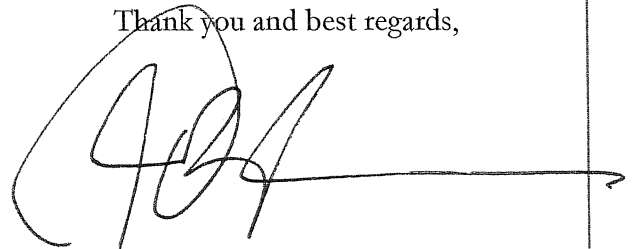
In conclusion, the Recommended Budget is balanced and prepared in accordance with North Carolina General Statute 159-11. Furthermore, the Recommended Budget serves to further the commitments of frugality, fairness, and forward-thinking. Although the Recommended Budget does not fund all the requests made by departments, it does provide each department with all the tools necessary to provide exceptional service to the residents of Hamlet and further the fundamental principles of safety, service, and solidarity that I advocated for in last year's budget message.

The public hearing on this budget is scheduled to be held during the June 12, 2018 Regular Monthly Hamlet City Council Meeting at 7:00 pm. Any person wishing to make comments, or ask questions, may do so at the public hearing prior to the adoption of the Budget Ordinance. The Recommended Budget is available for public review at Hamlet City Hall during normal business hours and will be posted on the City's website. Notice of availability of the document, and the scheduled public hearing, will be published in the *Richmond County Daily Journal* in the coming days.

I would like to personally thank Council for their input in the budget drafting process, the extraordinary staff here at the City, particularly the City's Finance Director Jill Dickens, who has worked tirelessly to prepare and assist in this Recommended Budget for Council's consideration, and all those involved in the preparation of this Recommended Budget. I am excited about the progress that we all have made together over the last sixteen months and I am looking forward to the days and weeks ahead.

It is with the sincerest gratitude and appreciation that I, as Budget Officer and City Manager, respectfully submit and recommend this proposed budget to the Hamlet City Council today, May 8, 2018.

Thank you and best regards,

A handwritten signature in black ink, appearing to read 'JDB', with a long horizontal line extending to the right from the end of the signature.

Jonathan D. Blanton
City Manager

Attachment:

Manager and Staff's Recommended Budget for the 2018-2019 Fiscal Year