



# FY 2023 Proposed Budget

## Discussion Items



March 16, 2022 at 7 PM

Town Council Budget Work Session



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# FY23 Proposed Budget and Preliminary List of Changes

## SUMMARY OF CHANGES TO THE FY 2023 BUDGET March 16, 2022

Operating Budget							
by Fund	Revenue Account #	Account Title	FY23 Manager Proposed 3/16/2022	Revised Recommendation 3/16/2022	Change \$	Change %	Notes
GF Operating Budget	18130000 405820	CPAC	\$0	\$500	\$500		CPAC new in FY23 per 3/9/22 email
GF Operating Budget	19400040 405415	Leased Veh-Police	\$89,134	\$92,300	\$3,166	4%	PD #220 & #222 Unfunded to funded and #221 & #225 to Unfunded
GF Operating Budget	11211000 406180	Vehicle Maint	\$500	\$0	(\$500)	-100%	Vehicles moved from Admin to EP&D
GF Operating Budget	11211000 406185	Vehicle Fuel	\$200	\$0	(\$200)	-100%	Vehicles moved from Admin to EP&D
GF Operating Budget	18105000 406180	Vehicle Maint	\$1,500	\$2,000	\$500	33%	Vehicles moved from Admin to EP&D
GF Operating Budget	18105000 406185	Vehicle Fuel	\$1,600	\$1,800	\$200	13%	Vehicles moved from Admin to EP&D
GF Operating Budget	19400020 405415	Leased Veh-Admin	\$4,800	\$0	(\$4,800)	-100%	Vehicles moved from Admin to EP&D
GF Operating Budget	19400052 405415	Leased Veh-Eng Pl &	\$4,600	\$9,400	\$4,800	104%	Vehicles moved from Admin to EP&D
<b>TOTAL OPERATING BUDGET CHANGES</b>							
<b>GF Operating Budget</b>			<b>\$102,334</b>	<b>\$106,000</b>	<b>\$3,666</b>	<b>4%</b>	
<b>WF Operating Budget</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		
<b>WWF Operating Budget</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>		



# Questions & Answers (Q&A)

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Q1 CM Stinnette, 11/10/21: What is the % equivalent of key budget expenditure assumptions?

- A
- 1% increase in Employee Compensation is \$74K  
(i.e., \$58K General, \$2K P&R, \$8K Water, and \$7K Wastewater)
    - 2% is \$149K
    - 3% is \$223K
    - 4% is \$298K
    - 5% is \$372K
    - 6% is \$447K *Note: Social Security COLA for 2022 is 5.9%*
    - 7% is \$521K
    - 8% is \$596K *Note: Feb 2022 inflation rate is 7.9%*
    - 9% is \$670K
  - 1% increase in non-wage cost is \$95K  
(i.e., \$38K General, \$4K P&R, \$21K Water, and \$31K Wastewater)
-



# Q1: Key Budget Assumption Impacts

Revenue Impact	Total	General	P&R	Water	Wastewater	Notes
One-cent Real Estate Tax rate	174,000	174,000				No rate increase in Budget.
+1% Meals Tax	530,000	530,000				No Meals tax increase in Budget.
Refuse Offset	594,000	594,000				Not in Budget. This would create a new revenue and reduce the Use of Reserves by \$594,000.
+1% Usage Rate	57,000	-		23,000	34,000	+3% for Water & +5% for Wastewater was included in the Budget.

Expenditure Impact	Total	General	P&R	Water	Wastewater	Notes
5% One-time Performance Incentive	334,150	261,520	7,374	34,932	30,325	Salary & FICA for 5% Increase
- Salary & FICA for +1%	66,830	52,304	1,475	6,986	6,065	Salary (excludes CCB, Vacancies, Enhancements) x 1.0765 for Payroll loadings (Social Security 6.2%, Medicare 1.45%)
6% COLA	446,982	349,826	9,864	46,728	40,565	Employee Compensation for +6% Salary
- Employee Compensation for +1%	74,497	58,304	1,644	7,788	6,761	Salary x 1.2 for Payroll loadings (Hybrid Disability .528%, Workers Comp 1.017%, Group Life Insurance 1.34%, VRS Retirement 8.79%, Social Security 6.2%, Medicare 1.45%)
Travel & Training @ 1.5% of Salary	93,840	74,166	1,926	9,472	8,276	FY22=\$55K; Target objective is 2% of Salary. Council Guidance on 11/10/21 was 1.5% of Salary.
FY22 Budget - Non-wage 1% increase	94,505	38,054	4,232	21,421	30,797	For order of magnitude purposes.

## Expense Equivalents:

1% increase in Employee Compensation is \$74K (i.e., \$58K General, \$2K P&R, \$8K Water, and \$7K Wastewater).

1% increase in non-wage cost is \$95K (i.e., \$38K General, \$4K P&R, \$21K Water, and \$31K Wastewater).

## Legend:

Included in the FY23 Proposed Budget



# Questions & Answers (Q&A)

Q2 Council, 3/8/22: What is the impact of passing-through the cost of Refuse?

- A
- The FY23 Budget offset is \$594,000. This would create new revenue and reduce the Use of Reserves by \$594,000.
- There is a cost savings for our residents to be covered under the Town's contract for trash and recycling services.
- Currently, our contract is \$18.25 a month per unit for 2,634 units.
  - The standard monthly rate for individual customers in our area is \$36.95 for once a week trash and recycle service or \$147.80 a month. Customers would also have to pay for any bulk, special pickup items, and appliances. Those prices can range from \$20 to around \$125.
  - There is a cost savings difference of ~\$130 per month (i.e., \$147.80 - \$18.25).
    - Real Estate taxes are deductible for Itemized Income Tax purposes. However, direct trash expenditures are not.



# Questions & Answers (Q&A)

**Q3** Council, 3/8/22: Potential budget offsets to support 1 cent Real Estate tax cut.

- A**
- A penny on the Real Estate tax rate is \$174K.
    - Reduce Police Department Employee Compensation by (\$150,000) for potential Vacancies.
    - Modify the Enhancement for the One-time Performance Incentive from 5% to 4% Performance Incentive. For the General Fund, this is a reduction of (\$28K).
  - Before Council takes action to reduce the real estate tax rate:
    - The list of unfunded enhancements should be considered (See pages 33-44 totaling \$764K in the General Fund). Although identified as needs by departments, the Town Manager was unable to fund these programs in the budget at the recommended \$0.22 tax rate. While the decision was made to defer these requests, this cannot be done indefinitely. Other fiscal impacts should also be assessed such as costs associated with deferred maintenance or asset replacement (e.g., facilities, vehicles) and risk factors (e.g., cyber and facility security, staff resources and retention).
    - Note that our financial advisors have warned in the past, the small amount of short-term goodwill achieved by a reduction in tax or other user rates will be more than offset if those lowered rates or current service levels cannot be maintained in the future.



# Meetings - FY23 Budget (Subject to change)

<u>Date 7PM</u>	<u>Meeting/ Work Session</u>	<u>Topics for Discussion/Action</u>	<u>PH Notice</u>
✓ Tue 10/12	Regular TC Meeting WS	ARPA Spending Plan and Appropriation (Admin)	-
✓ Tue 10/26	Regular TC Meeting WS	Workforce Overview (Town Manager & HR)	-
✓ Wed 11/10	Special Mtg / Budget WS #1	FY23 Pre-Budget	-
✓ Wed 11/17	Special Mtg / Budget WS #2	ARPA, CIP Prioritization, and funding discussion	-
✓ Tue 2/8	Regular TC Meeting WS	Town Council to <u>Adopt</u> Ordinance for “2022 Personal Property Tax Rate and PPTRA” to allow County to prepare tax bills.	2/8 PH not required
✓ Tue 3/8	Regular TC Meeting	<u>Public Hearing</u> for “2022 Real Estate Property Tax Rates - Equalized”	2/4 PH Ad (30 day notice if changes)
Wed 3/16	Special Mtg/ Budget WS #3	Town Manager presents proposed FY23 Budget	-
Tue 3/22	Regular TC Meeting WS	Town Council to <u>Adopt</u> Ordinance for “2022 Real Estate Property Tax Rates” (including Fireman’s Field Tax District) to allow County to prepare tax bills.	See 3/8 PH
Wed 3/30	Special Mtg/ Budget WS #4	FY23 Proposed Budget Q&A	-
Tue 4/12	Regular TC Meeting	<u>Public Hearing</u> for FY23 Budget	3/25 & 4/1 PH Ad (7 day notice)
Tue 4/12	Regular TC Meeting	<u>Public Hearing</u> for Master Tax & Fee, if changes	3/25 & 4/1 PH Ad (5 day notice if changes)
Tue 4/26	Regular TC Meeting WS	Town Council to <u>Adopt</u> & Appropriate FY 2023 Budget Town Council to <u>Adopt</u> Ordinance for Master Tax & Fees • Optional date is May 10 or 24	See 4/12 PH See 4/12 PH

## Legend:

Regular TC Mtg = Regular Town Council meeting on 2nd Tuesday of the month  
S/BWS=Special Meeting / Budget Work Session

Spring Break week is 4/11-15

Regular TC WS = Regular TC Work Session on the 4th Tuesday of the month

Admin Mtg

Budget Work Session

Council Mtg