

June 5, 2007

**Honorable Ronald G. Murphy, Mayor  
Members of the Board of Commissioners  
Town of Cramerton  
North Carolina**

Dear Ladies and Gentlemen:

I am pleased to submit for your review and consideration the Town of Cramerton's FY 2007-2008 Budget. The document provides for the recurring service needs of our community within a strict operating budget and finances the costs of providing these services with accurate and dependable revenue estimates. The objective of the proposed budget is to hold operating expenses to a minimum while providing essential municipal services to our citizens. The Town continues to provide an extensive base of services to citizens while keeping the rate of taxation as low as possible.

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**FY 2007-2008 PROPOSED BUDGET**

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	<u><b>FY 2007 Adopted</b></u>	<u><b>FY 2008 Proposed</b></u>
<b>General Fund</b>	<b>\$2,342,750</b>	<b>\$2,711,300</b>
<b>Water / Sewer Fund</b>	<b>\$2,007,935</b>	<b>\$2,139,000</b>
<b>Stormwater Fund</b>	<b>\$0</b>	<b>\$60,000</b>
<b>Total</b>	<b>\$4,350,685</b>	<b>\$4,910,300</b>

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**Capital Project Funds**

<b>Waste Water Treatment Plant Upgrade Project</b>	<b>\$5,049,000</b>	<b>\$5,400,000</b>
<b>USDA Rural Development Pubic Works Building</b>	<b>\$533,000</b>	<b>\$533,000</b>
<b>PARTF Project</b>	<b>\$164,750</b>	<b>\$164,750</b>
<b>NCDOT Downtown Enhancement Project</b>	<b>\$252,500</b>	<b>\$252,500</b>
<b>NCDOT Pedestrian Plan</b>	<b>\$19,200</b>	<b>\$19,200</b>
<b>Rural Center GIS Mapping, CIP, and Rate Structure Study</b>	<b>\$69,500</b>	<b>\$69,500</b>

The FY 2007-2008 Operating Budget of \$4,910,300 represents an increase of \$559,615 from the FY 2006-2007 Budget of \$4,350,685. Below I will discuss the changes in services and fees associated with this net increase in our General Fund, increase in the Water and Wastewater Fund, and implementation of our new stormwater fund while also updating you on the progress of our Capital Projects.

## **Financial Overview**

The Town of Cramerton has historically been in good financial condition. This condition continues through a level of unmatched growth in our community. In the past, the Town has been fiscally conservative and has been able to utilize the “pay as you go” method of financing. The Town has used a large portion of their available fund balance to purchase the Eagle Road wastewater treatment plant, complete several important water rehabilitation projects, parks and recreation department capital improvements, and other capital expenditures. In the FY 2006 financial audit, the Town had \$540,813 in unreserved fund balance, which is 26% of the general fund expenditures for the FY 2006.

Although the Town of Cramerton is growing in population and tax value, the Town has reoccurring costs to account for and also capital expenditures, some in the form of state and federal mandates. The Town must maintain sound financial reserves at a level that will be acceptable for the State Treasurer’s Office and the Local Government Commission. This financial plan for the 2008 fiscal year reflects that need, while attempting to keep service costs at an acceptable level. The proposed revenue increases through growth in our tax base will justify increased reoccurring costs such as personnel, but does not cover all of the capital expenditures that must be made. The Town will continue to distribute the costs of services among citizens who benefit from these services. The Town will continue to provide garbage, recycling, yard waste, and bulk item collection to our citizens through general fund revenues. The water and wastewater fees will be increased by five percent to account for increased costs of providing a safe and reliable water supply while also providing adequate funding for the collection and treatment of wastewater. The established stormwater fund will be in place for the first full year and will fund a significant engineering study, part of the salary for the inspections position, and provide a small amount of funding for actual project development.

## **Personnel**

The Town of Cramerton has been extremely fortunate in the last year to have such a dedicated workforce. The Town has not experienced a significant turnover, which provides continuity in our government services. Under tight budget constraints and an increased workload, the Town’s personnel have proven their dedication to service time and time again, day in and day out. This proposed

budget does include an increase in personnel. The Police Department will receive one additional position as a result of adding code enforcement responsibilities to the Police Department. The Public Works Department will receive two additional employees in order to provide continuing services to a growing population. The Utilities Department will add two positions with one position being the result of a transfer to the street department and the other position a result of shifting Charles Hastings to Public Works Director. Mr. Hastings' overall responsibilities will include creating a new inspections department under Public Works. There will be a total of 31 full time positions.

The staff at Town Hall has done an outstanding job providing essential accounts payable, accounts receivable, finance, and clerk responsibilities that all involve personal citizen interaction. The employees in Town Hall are the "front line" for the Cramerton government and they are prepared to meet the expanding demands of our growing population. This is the first full fiscal year that the Town will feature a full time Finance Director position. This should allow for closer watch over investments, purchase orders, project management, and budgetary control. This will also allow the Town Clerk to focus more on minute preparation, document retention, and recodification.

The Town of Cramerton's Police Department has also done an outstanding job meeting the demands of Cramerton's citizens. The Police Department is staffed with 12 full time positions including the Police Chief, Deputy Police Chief, Captain, two Sergeants, School Resource Officer, and six Patrol Officers. The Police Department has done an outstanding job maintaining a low crime rate while providing policing in our community that is responsive, courteous, and effective. The Police Department will provide code enforcement as a new service in this fiscal year. The Town's goal is to improve the appearance of existing properties while protecting citizen's rights to a clean and neat community.

The Planning department, located within Town Hall, has been kept extremely busy with the continued growth that the Town of Cramerton is experiencing. The Town Planner is the first person a potential developer talks with and is extremely important in portraying a responsive and welcoming image for the Town of Cramerton. The Town Planner provides zoning compliance certificates, subdivision review, minimum housing code enforcement, and is staff to the volunteer Planning Board.

The Town's Parks and Recreation department has done an excellent job in providing the quality of life services that Cramerton citizens have come to expect. The staff provides a diversified offering of programs ranging from various ages of basketball, cheerleading, soccer, and baseball leagues, maintaining the community center used by our valued seniors, and operating a fully functional outdoor

swimming complex. The Parks and Recreation staff does an outstanding job coordinating volunteers and part-time employees to facilitate a variety of programs at the lowest cost possible to the citizens who use these services. The Parks and Recreation department staff also oversees the maintenance of all the Town's park areas including preparing athletic fields for competition.

During the current fiscal year and in this proposed budget, the Parks and Recreation department have been busy administering, writing, and receiving grants. The Town has finally completed the Riverside Park and Greenway NC PARTF project this year. The Town has also received the designation of a Fit Community and the Town has submitted the application for grant funding under this program as well. The Parks and Recreation department was successful in receiving a NC Parks and Recreation Trust Fund grant for \$500,000 for the construction of Goat Island. This funding will be coupled with \$375,000 that the Town received from the North Carolina Department of Transportation. The Parks and Recreation department will also work with the NC Recreational Trails program to provide additional parking and restroom facilities at the basketball court on Riverside Drive. The Parks and Recreation department will also be working towards the completion of the NCDOT sponsored Master Pedestrian Plan, Parks and Recreation Master Plan Update, and Greenway Master Plan.

The Public Works department includes inspections, streets, and sanitation. This department has recently been formed with the creation of an inspections department, paired with the existing streets and sanitation department. The Public Works department will feature a newly established Inspections division that will oversee the construction of new infrastructure and the repair of old infrastructure. The Public Works department is responsible for providing the "backbone" of essential services to the citizens of the Town. This department is responsible for the collection of yard waste, bulk item collection, street maintenance, sign maintenance, oversees contracted household garbage and recycling collection, and stormwater infrastructure maintenance. The Public Works department does an outstanding job providing the physical labor for the Town of Cramerton. The Public Works department will operate with five employees.

The Public Utilities department provides for the collection and treatment of our wastewater, distribution of our water, and management of our cross connection and backflow prevention device program. Historically, the wastewater and water departments have been separated but with the recent reorganization of outdoor forces, all utilities will be placed together under the Public Utilities title.

The Wastewater section of Public Utilities will feature four employees. The wastewater department operates the four million gallon per day treatment plant located on Eagle Road, conducts most required tests to effluent, provides

pretreatment to our industrial clients, performs routine wastewater repairs, maintains lift stations, and responds to emergencies. The Wastewater department is also overseeing the completion of the treatment plant upgrade project and will also partner with the Town of McAdenville and the City of Lowell in discussing the feasibility of joining together to treat wastewater regionally.

The Water section of Public Utilities will continue to operate with two employees, performing routine water repairs, replacing meters, reading meters, installing irrigation meters, and responding to emergencies. The Water section also spends a significant amount of time locating utilities. The newly hired water system Operator in Responsible Charge, or O.R.C., will work with the Town's engineers in preparing for multiple capital improvements within the distribution system.

Hopefully, all of these departments will continue to work closely together now that all outdoor operations are consolidated into the new public works complex.

This proposed budget continues with the implementation of the adopted position classification study, pay scale, personnel policy, and job descriptions. This proposed budget does not utilize a cost of living adjustment (COLA). The proposed budget does provide funding for up to a five percent (5%) merit increase effective January 1, 2008 based on annual personnel performance evaluations. The performance evaluation system is established in order to reward personnel for outstanding service. This proposed increase in personnel compensation would improve the morale of our existing workforce while improving the Town's ability to retain our personnel. The proposed budget also continues the established 401K program for all employees. Currently, the Town contributes 5% to all employees.

The Town of Cramerton will continue to experience increases in health insurance. The Town received quotes from several insurance providers and Blue Cross/Blue Shield proposed an increase of 6.8%, therefore the proposed budget has provided for this increase. The Town's health insurance plan will continue to provide a high level of benefits. Employees who utilize dependent care insurance will still be eligible to receive a subsidy from the Town, but the employee will be responsible for paying the difference. The Town will continue to provide short-term disability, life/accident insurance, dental insurance, and vision insurance.

## **Service Improvements / Revenue Changes (General Fund)**

I am recommending that the property tax rate be maintained at \$0.425. This proposed budget does not appropriate fund balance. Gaston County's revaluation of properties will take effect within this year's budget. The total real, personal, and public service value of Cramerton has increased from \$297,722,366 in FY 2007 to \$351,114,545 in FY 2008, a difference of \$53,392,179. The revenue neutral tax rate, using the formula established by the North Carolina Local Government Commission, is \$0.3813, a difference of \$0.0437. Each cent on the tax rate represents approximately \$33,356.

The total real, personal property, and public service property value in the Town of Cramerton equals \$351,114,545. Gaston County collected 95.21% of the ad valorem levy in FY 2006. The net ad valorem tax collected on real, personal property, and public service property is equal to approximately \$1,417,624. The approximate value for real property in Cramerton is currently under the Gaston County Tax Office appeal process. The total value of property after revaluation was performed equals \$346,251,114 but there is approximately \$12,000,000 of property under the appeal process. In calculating the real property value, I deducted the entire amount under appeal, which would reduce the value to \$334,251,114. This value at a 95.0% collection rate would produce \$1,349,538.

The approximate value for public service property in Cramerton is \$4,871,875, which produces a levy amount of \$19,670 at a 95.0% collection rate. The value of personal property for FY 2007 in Cramerton is \$12,718,335. Since Lakewood Dyed Yarns and Eagle Mountain Finishing have announced their closure, I have reduced the personal property value for this proposed budget to \$12,000,000. This amount at a 95.0% collection rate would produce \$48,450.

The 2006 value for motor vehicles is \$33,561,925, which produces a levy amount of \$124,523 at an 87.3% collection rate. Gaston County does not have updated information on motor vehicle values, therefore I have chose to use an amount less than last year's budget to account for depreciation of motor vehicles and a potential reduction in the tax collection rate.

The total amount of revenue forecasted for real, personal property, and public utilities amounts to \$1,417,608. The FY 2008 proposed budget conservatively includes \$1,389,000 for this revenue item. This is a difference of \$28,608.

The Town can expect population totals to increase through new home construction and continued infill development. This continued growth and its financial impact on the Town of Cramerton could be viewed several ways. Growth in the Town's

tax base inevitability means growth in ad valorem revenue. The growing population of the Town also means demands for equal services and in some cases improved services. It is important to make sure that the increased revenues experienced from growth are not the only revenues the Town depends on to fund the escalating cost of operations. The Town needs to remain dedicated to improving services such as parks and recreation, garbage, recycling, yard waste, and bulk item collections, landscaping, street maintenance, public safety, and planning and zoning. It is the Town's goal to continually improve the quality of services in Town, attract more commercial and industrial growth, welcome well-planned residential development, while maintaining and assisting our current population.

#### General Fund Highlights Include:

- Creation of Façade Grant Program.
- Funding for upcoming November Municipal Election.
- Funding to conduct growth plan for fire services.
- Funding to repair Town Hall roof.
- Recodification of Code of Ordinances.
- Contracted services for information technology.
- Upgrades to Utility and Payroll software programs.
- Funding for display case for Tommy Guns and other historical items from Cramerton.
- The addition of one new officer in the Police Department to exclusively handle code enforcement.
- Second full year of providing the Town of McAdenville contracted police services.
- The third and final payment for four police vehicles, second of three payments for four police vehicles, and the first payment for two police vehicles.

- Capital funding for the Police Department to repair light fixtures within Town Hall, purchase of rifles for patrol vehicles, and continuing upgrades to the mobile command vehicle.
- Renew contract with the Cramerton Volunteer Fire Department for fire services.
- The Parks and Recreation Department is provided funding for the completion of the Master Recreation Plan Update, the first of three transfers to the Goat Island N.C. Parks and Recreation Trust Fund (PARTF) grant project, and an allocation of \$15,000 to match a \$50,000 North Carolina Recreational Trails grant to construct a restroom facility and additional parking at the basketball courts on Riverside Drive.
- Continuation of funding for Fourth of July celebration, senior center, fall festival, Easter egg hunt, and various other recreational activities.
- Fourth debt service payment for purchase of downtown park property.
- Addition of two employees in the Public Works Department.
- Continued relationship with Waste Management for curbside garbage collection and recycling.
- Funding for continued tree maintenance and additional tree plantings.
- Allocation of Powell Bill funds for miscellaneous street resurfacing projects.
- Creation of Inspections Department for new development and reoccurring water, wastewater, streets, and stormwater repairs.
- Continued in-house operation of yard waste and bulk item collection by the Town's Public Works Department.

### **Service Improvements / Revenue Changes (Public Utilities)**

In order to compensate for the increasing cost of purchasing and distributing water and collecting and treating wastewater, this proposed budget increases water and wastewater fees by five percent. The Town must provide adequate funding for the annual debt service payment to the State of North Carolina Construction, Grants, and Loans division for the \$5,049,000 loan for upgrading the wastewater treatment plant. The wastewater treatment plant currently does not meet the discharge

requirements for phosphorus and chlorine. The Town will remain under a Special Order by Consent (SOC) with the State of North Carolina in order to establish a timeline to rectify the problem while not qualifying for civil fines that could be levied upon us with continued violations.

The Town's Public Utilities Fund must be self-sustaining and the Town cannot rely upon one-time funding from water and wastewater access fees or other fees that are not dependable. By establishing our monthly minimum and per 1,000 gallon water and wastewater charges at a level that finances our reoccurring operations, the Town can use one time revenues for capital expenditures, major water and wastewater rehabilitation projects, and unexpected expenses. I am recommending that the Town increase water and wastewater minimum fees and the 1,000-gallon fees by five percent. This proposed increase will be elaborated upon in the proposed FY 2008 Town of Cramerton Fee Schedule. While rate increases for water and wastewater services are unwelcome, the Town must meet all State and Federal requirements for collection, treatment, and distribution of these necessary services.

**Public Utilities Fund Highlights Include:**

- The Town has budgeted revenues from the City of Belmont in providing up to 280,000 gallons per day of wastewater treatment for Eagle Park, Belmont Reserve, and surrounding areas.
- The Town of Cramerton is scheduled to make the first of 20 debt service payments to NC Construction Grants and Loans in the amount of \$373,450.
- The continuation of a utility rate structure that will finance the Town's wastewater treatment plant upgrade project and subsequent loan of \$5,049,000 from the State of North Carolina Construction, Grants, and Loans program. The proposed budget includes an across-the-board five percent increase to the utility rate structure.
- An updated water and wastewater system development, access, and tap fee structure for new customers in order to provide funding for necessary and required upgrades in our existing water and sewer infrastructure to facilitate continued growth.
- First of forty payments to USDA Rural Development for the improvements to the Public Works Facility.
- An allocation of \$215,000 for several capital outlay projects in the water department. These projects include: Wilkinson/Lakewood pressure reducing

valve, Cramer Mountain/South New Hope Road pressure reducing valve, Eagle Road waterline upgrade, Lakewood/Lake Drive gate valve, and construction of new waterline from North Main Street to Baltimore neighborhood.

- Transfer of \$45,000 from the water department and \$30,000 from the wastewater department to partially fund the salary and benefits of the collection clerk, accounts payable position, and the newly created inspections department. This also funds a portion of legal services and accounting services.

## **CAPITAL PROJECTS**

The Town of Cramerton will continue several capital project ordinances during FY 2008. Below is a highlighted list of those continuing projects:

- The Town will complete the Eagle Road Wastewater Treatment Plant Upgrade Project during FY 2008. The Town is utilizing loan funds from the North Carolina Construction, Grants, and Loans Program at an interest rate of 2.305% for 20 years. This upgrade will meet the mandated requirements adopted by the State of North Carolina that limit the levels of phosphorus and chlorine discharged into the South Fork River. This project also includes the construction of a new office building and laboratory, which is complete. The first debt service payment of approximately \$373,450 will be due in November 2007 and May 2008, respectively.
- Construction will be completed on the USDA Rural Development Public Works Consolidation Construction Project during FY 2007, but the Town may not be able to close the capital project ordinance before FY 2008. The Town is utilizing a \$533,000 loan from USDA Rural Development at an interest rate of 4.25% for 40 years. This project includes the construction of an 880 square foot addition to the wastewater treatment laboratory, 1,600 square foot enclosed inventory storage facility, and a 2,880 square foot vehicle bay storage facility at the Eagle Road Wastewater Treatment Plant.
- The Town will also complete the Riverside Park and Greenway Project in FY 2007, but the Town may not be able to close out the necessary paperwork until FY 2008. The Town is utilizing a \$130,935 grant from the North Carolina Parks and Recreation Trust Fund (PARTF). The project includes the construction of a canoe/kayak landing, fishing pier, picnic shelter, 1,050 feet of asphalt walking trail, parking lot, security lighting, proper signage, and park fixtures such as benches and trash bins.

- The Town should also complete the NCDOT Downtown Enhancement project during FY 2007, but the Town may not be able to close out the necessary paperwork until FY 2008. The Town is utilizing an \$186,000 NC Department of Transportation Enhancement grant. The Town is responsible for providing 20% matching funds, which has been met. The project includes the relocation of utility lines from Center Street, Ninth Street, and 8<sup>th</sup> Avenue, the installation of sidewalk, curb and gutter, parking, landscaping, site clearing, grading, and the removal of existing asphalt.
- The Town is nearing the completion of the NCDOT sponsored Master Pedestrian Plan. The plan should be completed within the physical year of 2007 and the capital project ordinance will be able to be closed soon thereafter. The Town is utilizing a \$16,000 grant from the NCDOT.
- The Town has almost completed digitizing all water, wastewater, and portions of the stormwater infrastructure throughout Town. This project also includes the completion of a Capital Improvement Plan for water, wastewater, and stormwater for the next 20 years, and an extensive utility rate structure study. The Town is utilizing a \$10,000 grant from the North Carolina Rural Center and providing \$59,500 of matching funds. This project will be complete upon Board approval of the Capital Improvement Plan. The paperwork to close the project out will be completed in FY 2008.
- The Town Board will probably initiate other capital project ordinances throughout FY 2008. These capital projects are: a grant award of \$50,000 from the North Carolina Recreational Trails program for the construction of restroom and parking facilities in the Riverside Park and Greenway, Urban Forestry Grant Program, the Goat Island project that will feature a \$375,000 appropriation by NCDOT and a \$500,000 grant from the NC Parks and Recreation Trust Fund, and a regional wastewater treatment study with the City of Lowell, Town of McAdenville, with financial assistance from the Clean Water Management Trust Fund.

## **Conclusion**

The recommendations contained in the FY 2007-2008 Budget reflect the goals of the Board of Commissioners to continue improving the quality of life of Cramerton citizens while holding expenditures at a conservative level. The Town also must meet strict fiscal standards established by the State of North Carolina, therefore there must be enough revenue raised to operate the water and wastewater systems at the level mandated by State and Federal guidelines. The Town will also utilize increased revenues received from an increase in our tax value in the general fund to finance reoccurring costs. The Town must rely on our depleting fund balance to

fund capital expenditures that are necessary although it is extremely important to maintain an adequate level of reserves in order to respond to unexpected events such as natural disasters.

This will be a challenging year for Cramerton citizens, but the Town is continuing to grow and with additional water and wastewater revenues and tax value from new Cramerton citizens, prices for these services should level out. The Town must continue to hold expenditures to a minimum while keeping cost of services to the Citizens at a minimum. This is truly an exciting time in Cramerton's history, but our future is bright due to a continual increase of new home construction, voluntary annexation, a forthcoming upgraded wastewater treatment plant, and a wonderful group of citizens that volunteer their time and spirit for the improvement of our Town.

I recommend this budget to you without reservation and believe it adequately provides for the necessary level of services while remaining fiscally conservative in order to maintain an appropriate financial standing by the NC Local Government Commission. I entrust this document to you for careful review and, as always, stand ready to make any changes your collective body deems appropriate.

Sincerely,

Michael C. Peoples  
Town Manager