

TOWN OF GRANITE QUARRY NORTH CAROLINA



RECOMMENDED BUDGET FOR FISCAL YEAR 2021-2022 (FY22)

PREPARED BY:
LARRY SMITH
TOWN MANAGER

May 28, 2021



Town Manager's Budget Message FY 2021-2022

May 28, 2021

Mayor William D. Feather
Board of Aldermen
Town of Granite Quarry
143 N Salisbury Avenue
Granite Quarry, NC 28146

The Honorable Mayor Feather, Town Board Members and Citizens of Granite Quarry:

This budget was prepared to carry out the administrative needs of Town government operations and goals established by the Board of Aldermen. It remains as responsive to the community as possible within the Town's available funds and resources.

Local governments are the frontline providers of safety and quality of life services to citizens. The impacts and uncertainties of the coronavirus pandemic over this past year consequently challenged cities and counties well beyond anything we have ever experienced before. The dedication and resilience of town staff to not only deal with the often drastically increased daily duties – but to continue positive and empathetic community outreach while advancing the Town's professionalism, projects, and goals – cannot be overstated. Achieving the ISO Class 1 rating this year as the smallest and only single-station municipality in NC to do so is just one testament to that. The Board's strategic allocation of resources and continuous support enabled that, and is paving the way for us to continue "moving that needle forward" in the year ahead.

Residential growth continues to have a significant impact on the budget, operations, and long-term planning needs of the Town. An updated census estimation by the county earlier this year confirmed what we have been suspecting based on planning and administrative workloads over the past two years: from 2019-2021 Granite Quarry has been one of, if not the, fastest growing communities in the county. Much of this is from the high-density Village at Granite phased development. Steady infill development, expansion, and smaller residential subdivisions have contributed significantly as well.

While residential growth brings a benefit to tax base, it also brings increased demand on municipal services typically much higher than commercial or industrial base. Planning, Administrative, Police, Fire, and Medical services have all experienced significant increase in demand during this time period. Despite this, except for the addition of a police officer in FY20, Granite Quarry has maintained its staffing levels and a 41.75¢ tax rate. At this rate, Granite Quarry has been able to pride itself on remaining the 3rd lowest tax rate in the county among *all* units of local government (by a margin of 4.25¢) – and the *lowest* tax rate among our state-benchmark “peer group” municipalities by a staggering margin of 11.25¢ (*as a city with electric utility, Landis is actually not even in our peer group average for some budgetary benchmarking standards, but is by population comparisons*).

Unit of Government	FY21 Tax Rate
Salisbury	0.7196
Rowan County	0.6575
East Spencer	0.66
Spencer*	0.655
Kannapolis (Rowan)	0.63
China Grove*	0.54
Landis*	0.53
Rockwell	0.46
<u>Granite Quarry*</u>	<u>0.4175</u>
Faith	0.41
Cleveland	0.3736 (city 0.28 + a comm fire rate of 0.0936)

* State benchmark “peer group” municipalities (by composition, budget, and/or population standards).

Contracted service costs are also increasing significantly due to growth and economic conditions. The updated sanitation collection contract with Waste Management increased 9.75% per household pickup. This reflects the costs of additional tonnage of waste produced since the pandemic began, additional trips to the landfill from “packing out” more often due to the tonnage and increased growth areas, as well as the same increased costs the Town and other service-related employers are incurring in their operations (e.g., payroll & insurance, fuel, maintenance). The Town’s anticipated cost increase for sanitation services alone is 12.2%, hence the recommended increase of the environmental fee from \$11/month to \$12/month.

Over the past few years, the Board has discussed the need for increased levels of service and the adverse effects of maintaining a tax rate oftentimes incongruent with growth trends and needs. This has been especially evident with the administrative workload to field the aforementioned growth and development related inquiries and issues with only a part-time planner on staff, and also with the increasing trend of needing to tap into fund balance for major (but to be anticipated in municipal services) projects – if not postponing them from year to year.

In FY21 the Board commissioned a pay classification study to develop a professional and equitable pay classification schedule for the Town as part of its goal to address the challenges of recruiting and retaining professional, experienced staff. This budget includes funding for implementation of some of that study's recommendations, including pay adjustments and the addition of a full-time Town Planner position.

We anticipate ending the FY21 with approximately \$90,000 in unrestricted surplus. Some of this resulted from continued cost-cutting across departments, vacancies, and pandemic restrictions that curbed certain parts of normal operations. Largely it was from higher-than-expected sales tax and ad valorem tax revenues (estimated ~ \$111k and \$12k, respectively), and \$90,641 reimbursement funding for eligible items from the Coronavirus Relief Funding act through December 2020.

The Board met May 21, 2021 for another budget workshop during which Board and staff discussed a number of recommendations. In light of the anticipated surplus and to keep upcoming FY expenditures to a minimum, the Board approved recommendation to tackle some otherwise FY22 high priority items *now* that seem reasonably achievable before the end of this FY21.

Additionally, in an effort to continue growing Town stability by countering the trending need to tap into fund balance (especially while still not having the financial resources to tackle strategic Board goals), I have amended my original recommendation for purchase of the ½-ton public works truck from appropriated fund balance. It is actually a good example of one of those major (but normally anticipated) expense issues referenced above. I have therefore balanced its purchase with the recommended tax rate of 44.50¢ instead, which became possible in large part by Public Works' completely unrelated follow up on the backhoe units. After thoroughly inspecting each of the units available through Sheriff's contract, PW determined the one that best fits our department's needs surprisingly happens to be the ~\$90k unit (as opposed to the ~\$115k unit).

While we do not have the funds or the manpower to achieve all of our desired goals, this budget prioritizes funding into the areas established by this administration and the Board of Aldermen.

If approved, the tax rate will increase to **\$0.445** per \$100 valuation.

The environmental fee will increase to **\$12**/month.

This budget includes:

- Funding for debt service on the Village at Granite waterline extension
- Funding for debt service on the 2020 Capital Streets Improvement Project loan
- Funding for implementation of the Pay Classification Study adjustments and recommendations in each department, including the addition of a full-time Town Planner position in Administration.
- Prioritized needs and capital purchases for departments
- Operation expenses to continue services to citizens at current or increased levels
- Adjustments to cover any inflation and contractual variations along line items
- Specific items per department further detailed below.

Budget Overview

After careful consideration, the following budget recommendations represent Board goals, departmental input, and community needs within a tax rate of **\$0.445** per \$100 valuation. The total recommended budget is **\$2,718,123**.

General Fund:		\$ 2,718,123
Governing Body	\$ 55,943	
Administration	\$ 566,432	
Police	\$ 751,991	
Fire	\$ 544,429	
Public Works/Maintenance	\$ 420,061	
Streets – Powell Bill	\$ 134,517	
Streets – Non-Powell Bill	\$ 36,000	
Parks and Recreation	\$ 56,500	
Environmental	\$ 152,250	
Total All Funds:		\$ 2,718,123

FY 2021-2022 Departmental Highlights

Governing Body: The recommended budget for Governing Body is \$55,943. This includes a 2% Cost of Living Adjustment to Board member pay, funding for the annual financial audit, and funding to Rowan County for the 2021 municipal elections.

Administration: The proposed budget for Administration is \$566,432. This includes funding to implement the Pay Classification Study adjustments and recommendation for a full-time Town Planner position. This department also houses the debt service funding for the Village at Granite waterline extension, Community Appearance Commission activities, and tax collection services through Rowan County.

Police: The proposed budget for the Police Department is \$751,991. This includes normal operations and personnel funding. Budgeting for an automatic appropriation of general funds into capital outlay for vehicles (in an amount equal to any unspent funds from this FY as per a provision in the Interlocal Agreement) is not included since that provision is currently being evaluated, two new patrol vehicles were able to be purchased in the FY21 putting fleet needs in good shape, and an accurate projection of the amount of unspent FY21 funds is not available until financial statements and any audit adjustments for the FY21 closeout are conducted in the 1st or 2nd quarter of the new FY.

Fire: The proposed budget for the Fire Department is \$544,429. This includes \$36,000 funding for the Engine 572 refurbishment that was originally scheduled for the FY21 but postponed due to higher-priority needs.

Public Works / Maintenance: The proposed budget for the Public Works / Maintenance Department is \$420,061. This includes funding for a replacement backhoe/loader, and for the purchase of a ½-ton Public Works supervisor/Fire Chief response truck to free up the current truck for operations needs and alleviate sharing and response issues as part of the 2019-2021 Fleet Efficiency Plan illustrated by the table below.

**Public Works and Fire
2019-2021 Fleet Efficiency Plan**

MAINTENANCE		FIRE	
1990 Chev-2500 – Surplused '20		1994 Pierce (E572)	
1995 Ford F600		1994 Pierce (E573 → now R57)	
2007 Ford F250		2001 Ford F350 (former R57, eliminated '20)	
2009 Ford F150 – Maint/FD/shared use to eliminate →		2005 Chev Impala (former FD Command, eliminated '19)	
2019 Ford F350 – Replaced 1990 Chev 2500		2005 Ford Explorer (U579) – Replaced '20	
2021 ½-ton Ext Cab - <u>Recomm PWD Supvsr, emerg equip</u>		2015 Pierce (E571)	
		2020 F250 (Squad 57) – Replaced 2005 Explorer	
Beginning Fleet: 4	Net Fleet: 5	Beginning Fleet: 6	Net Fleet: 4

Streets – Powell Bill: The proposed budget for Powell Bill costs is \$134,517. This includes \$58,717 in debt service toward repayment of the 2020 Capital Streets Improvement project loan, and \$65,000 for a capital improvement project at Brinkley and Cleo Streets.

Streets – Non-Powell Bill: The proposed budget for Non-Powell Bill Streets costs is \$36,000. This is for the Utilities costs on streetlights.

Parks and Recreation: The proposed budget for the Parks and Recreation Department is \$56,500. This includes a slight increase in “Maintenance & Repairs” for needed electrical upgrades at the Granite Lake Park for events, and increased funding for contracted services related to park maintenance (e.g., tree services, stump removal).

Environmental: The proposed budget for Environmental costs is \$152,250. This includes increased area and costs associated with the Waste Management sanitation services contract.

The proposed General Fund budget is balanced with a tax rate of \$0.445 per \$100 of valuation. Projected revenues and other funding sources are \$2,718,123 and projected expenditures are \$2,718,123.

Respectfully Submitted,

Larry Smith

Larry Smith
Town Manager



TOWN OF GRANITE QUARRY, NORTH CAROLINA
Budget Ordinance No. 2021-10
FISCAL YEAR 2021-2022

**AN ORDINANCE CONCERNING APPROPRIATIONS AND THE RAISING OF
REVENUE FOR THE FISCAL YEAR BEGINNING JULY 1, 2021**

BE IT ORDAINED by the Board of Aldermen of the Town of Granite Quarry, North Carolina that the following anticipated fund revenues and departmental expenditures, certain fee and charge schedules, and with certain restrictions and authorizations, are hereby appropriated and approved for the operation of the Town Government and its activities for the fiscal year beginning July 1, 2021 and ending June 30, 2022 (FY22).

Section 1: Summary

General Fund Revenues	\$2,660,328
Other Financing Sources and Uses	<u>57,795</u>
Total Expenditures / Transfers	<u>\$2,718,123</u>

Section 2: General Fund

Anticipated Revenues

Ad Valorem Taxes	\$1,188,644
Unrestricted Intergovernmental	1,011,080
Restricted Intergovernmental	262,722
Permits and Fees	5,500
Sales and Services	169,632
Other General Revenues	<u>22,750</u>
Subtotal	2,660,328
Other Financing Sources and Uses	57,795
Total Anticipated Revenues	<u>\$2,718,123</u>

**Authorized Expenditures / Transfers Out
By Department**

Governing Body	\$55,943
Administration	566,432
Police	751,991
Fire	544,429
Maintenance	420,061
Streets – Powell Bill	134,517
Streets – Non-Powell Bill	36,000
Parks and Recreation	56,500
Environmental	152,250
Total Authorized Expenditures / Transfers	<u>\$2,718,123</u>

Section 3: Levy of Taxes

There is hereby levied for FY22 an Ad Valorem Tax Rate of **\$0.445** per One Hundred Dollars (\$100.00) valuation of taxable property as listed for taxes as of January 1, 2021, for the purpose of maintaining the revenue from current taxes as set forth in the foregoing estimates of revenues, and in order to finance the foregoing applicable appropriations. This rate of tax is based on an estimated assessed valuation of **\$265,088,669** and an estimated collection rate of **97.00%**, yielding **\$1,179,644** in current year ad valorem tax revenues.

Section 4: Fees Schedule

There is hereby established, for the FY22, various fees and charges as contained in Attachment A.

Section 5: Special Authorization - Budget Officer

- A. The Town Manager is hereby authorized to make any budget transfers as may be required within each department if the total appropriation for each fund does not change and contingency funds are not utilized to do so.
- B. Interfund transfers established in the Budget Ordinance or Capital Project Ordinance may be accomplished without additional approval from the Board of Aldermen.

Section 6: Restrictions - Budget Officer

- A. Interfund and interdepartmental transfer of monies except as noted in Sections 5 and 9 shall be accomplished by Board of Aldermen authorizations only.
- B. Utilization of appropriations contained in Contingencies and Appropriations from Fund Balance may be accomplished only with specific approval of the Board of Aldermen.

Section 7: Utilization of Budget Ordinance

This ordinance shall be the basis of the financial plan for the Town of Granite Quarry Municipal Government during the FY22. The Town Manager shall administer the budget and shall ensure that operating officials are provided guidance and sufficient details to implement their appropriate portion of the Budget.

The Administration Department shall establish and maintain all records in consonance with this Budget Ordinance and the appropriate Statutes of the State of North Carolina.

Section 8: Salary Adjustments

- A. For the FY22, a 2% market adjustment is authorized to be applied as a Cost of Living Adjustment to members of the Board of Aldermen effective July 1, 2021, and to be available as part of performance pay consideration to existing employees at the time of their respective annual performance evaluations throughout the course of the year if or as they merit. Application to the salary schedule (and thus any new hires) will take effect January 1, 2022.
- B. Longevity pay authorization will be considered at the regular monthly meeting of the Board of Aldermen in November.

Section 9: Re-appropriation of Funds Encumbered in FY21

Appropriations hereinabove authorized and made shall have the amounts of the unearned portion of contracts at June 30, 2021 added to each appropriation as it applied in order to properly account for payment against the fiscal year in which it is paid.

Copies of this ordinance, the Town Manager's budget message, and accompanying attachments shall be maintained in the office of the Town Clerk of the Town of Granite Quarry and shall be made available for public inspection.

Adopted June ____, 2021

Aubrey Smith
Town Clerk

William D. Feather
Mayor

Revenue Assumptions for FY 2021-2022 Budget

Ad Valorem Taxes

Property Taxes. Property tax values are provided by the Rowan County Tax Assessor's Office. Once expenditures and all other General Fund revenues were projected, the amount necessary to balance the budget was calculated. Using that figure as the target, a property tax rate applied to the assessed valuation was calculated that would result in that amount of revenue being generated. An uncollectable rate of 3.00% was factored into the calculations.

Tax Penalties and Interest. Based on historical trends.

Prior Year Taxes. Based on historical trends, economic forecasts, anticipated continuation of collection percentages, and adjusted by the size of the 2020 property tax receivable balance projected as of June 30, 2021.

Unrestricted Intergovernmental

Local Option Sales Tax. Based on estimates provided by the North Carolina League of Municipalities (NCLM), historical trends, State legislative changes, local conditions, and economic forecasts. Overall, we project finishing FY21 at approximately 7.5% above FY20 distributions, with continued growth of approximately 2% across the local sales tax articles for the FY22.

Solid Waste Disposal. Based on forecast projections and health trends of the construction sector. The State levies a \$2/ton "tipping tax" on municipal solid waste and construction / demolition materials deposited in all NC landfills (and/or passing through transfer stations for any out of state disposal). It applies proceeds to different programs and then distributes 18.75% of the proceeds back to municipalities and counties on a per capita basis. Overall, we expect ~1.5% increase in FY22 distributions over the estimated FY21 amounts.

Beer & Wine Tax. Based on national market research forecast projections of beer and wine sales, against state distribution formulas. These sales taxes are distributed from the NC Department of Revenue to municipalities based on population. We expect distribution to see approximately 1% growth in FY22.

Utility Franchises. Based on estimates provided by the NCLM and historical trends. This category includes Electricity, Piped Natural Gas, Telecommunications, and Video Programming Franchise Taxes & Fees.

Restricted Intergovernmental Revenues

Powell Bill Revenues. Based on estimates provided by the NCLM and the Office of State Budget and Management. The population-based portion of the distribution formula (75% of the distribution) was calculated at \$17.48 per capita at our most

recent certified census population of 3,148. The mileage-based portion (25% of the distribution) was calculated at \$1,458 per mile over our 14.88 miles of streets.

Joint Police Authority Revenues. Based on a flat rate agreement of \$136,000.

Permits and Fees

Local Revenues. Based on historical trends, economic forecasts, and known growth and development plans in queue within Town limits.

Sales and Services

Solid Waste/Recycling Collection. Based on the recommended environmental fee of \$12 per month per household and the anticipated collection rate through Salisbury-Rowan Utilities' (SRU) billing department.

Other General Revenues

Local Revenues. Based on fee schedule, and historic and current trends.

Investments Interest. Based on estimated cash balances & interest rate projections.

Surplus Items. Based on anticipated surplus items and their estimated market value.

FEES AND CHARGES

ATTACHMENT A

FISCAL YEAR 2021-2022 TOWN OF GRANITE QUARRY

BUILDING AND RELATED ACTIVITIES			
Building Type	Rental Times and Description	Rental Fee	
		Residents	Non-Residents
Shelter or Gazebo	Up to 4 hours	\$35	\$50
	Up to 8 hours	\$50	\$75
	8 hours or more	\$75	\$100
	Electricity fee	\$25 per 4 hours of use	
Civic Park	Kitchen rental	\$15	\$50
	Kitchen key deposit	\$25	
Legion Building	Up to 6 hours	\$100	\$250
	6 hours or more	\$150	\$350
Civic Group or church	Up to 6 hours	\$50	\$150
	6 hours or more	\$75	\$200
	Rental deposit (no discount)	\$150	
No fees are charged for nationally chartered Granite Quarry youth or school organizations.			
PLANNING, ZONING, AND SUBDIVISION FEES			
Item	Description	Fee	
Annexation		\$500 + any engineer or surveying costs	
Subdivision Plats	Exception plat review	\$50	
	Minor subdivision plat review	\$75	
	Major subdivision, preliminary plat review	Engineer costs, plus:	
		• Up to 25 lots:	\$250
		• 26-50 lots:	\$500 + \$5 per lot
		• > 50 lots:	\$750 + \$5 per lot
	Major subdivision, final plat review*	\$150 per map + engineer costs	
	Letter of credit review	\$100 + engineer costs	
	Letter of credit, partial release	\$100 + engineer costs	
<i>*If a third review is required, an additional review fee will be charged</i>			
Zoning Review	Zoning / Use Permit	\$50 unless otherwise specified below	
	Home occupation	\$25	
	Sign - temporary	\$10 per sign	
	Sign - permanent	\$50 per sign	
	Conditional Use Permit (CUP)	\$500	
	Variance	\$400	
	Engineer drawing review	Engineer costs	
	Site plan review	(Minor) \$200	
		(Major) \$400	
	Technical Review Committee review	\$100 + engineer costs	
	Zoning Administrator’s decision appeal	\$250 + advertising and notification costs	
	Zoning map amendment	\$600 + advertising and notification costs	
	Zoning text amendment	\$400 + advertising and notification costs	
	Site inspection costs	\$100 + engineer costs	
	Vested rights process	\$250	
Plotted Maps, Ordinance Copies, Etc		Production cost	

Nuisance Citation/Fine (warning issued first)	\$50 first offense
	\$100 second offense
	\$200 third & subsequent offense
ADMINISTRATIVE AND OTHER FEES	
Item Description	Fees
All Copies	\$0.10 per page
Copy of Current Town Budget	\$0.10 per page
Fax Service	\$0.25 per page
Copy of Municipal Code of Ordinances	Production cost
Golf Cart Registration	\$10 per cart
Golf Cart Violation	\$150 per violation
Environmental Fee (resident and non-dumpster commercial)	\$12 per month
FIRE DEPARTMENT FEES	
Re-inspections (third and subsequent)	\$30
Fireworks (standby)	\$100
Fire Watches	\$100
Assembly Standby	\$25
Plans Review	\$25
Hydrant Testing	\$30 per hydrant
Fire Flow Report	\$200
Fire Department Services Fees	Market rate set by insurance company
Fire Reports	\$5 per report
FIRE DEPARTMENT PERMITS	
Fireworks	\$130
Burning	\$35
Annual Haz-Mat Storage	\$120
Tent	\$40
Tank Removal / Installation	\$50
POLICE DEPARTMENT FEES	
Police Off-Duty Services (<i>entity pays the officer directly</i>)	\$30 per hour
Police Reports	\$5 per report
PUBLIC WORKS DEPARTMENT FEES (including for Town abatements)	
Heavy Equipment / Tractors	\$100 per hour with operator
Light Equipment	\$65 per hour with operator
Brush Pickup, second load for citizens	\$50 per load
Bulk Item Pickup (must be placed by curb)	Call Town Hall for estimate

SALARY SCHEDULE**ATTACHMENT B****FY 2021-2022
Salary Schedule***

Classification Title	# Positions	Hiring Rate	Minimum	Mid- Point	Maximum	Notes
Town Clerk	1	\$49,897	\$52,392	\$63,619	\$77,340	
Finance Officer	1	52,392	55,012	66,800	81,208	
Planner	1	47,521	49,897	60,590	73,658	
Office Assistant	1	30,631	32,163	39,055	47,478	
Public Works Director	1	55,012	57,763	70,141	85,269	
Public Works Crew Leader	1	32,163	33,771	41,008	49,853	
Public Works Technician	1	27,783	29,172	35,424	43,064	
Police Chief	1	63,684	66,868	81,197	98,710	
Police Investigator	1	43,103	45,258	54,957	66,810	
Police Sergeant	2	43,103	45,258	54,957	66,810	
Police Officer	6	39,095	41,050	49,846	60,597	1 position remains frozen FY22
Fire Lieutenant	3	41,050	43,103	52,339	63,628	

* FY22 is the first fiscal year under the recently adopted salary and classification plan. To implement without adversely affecting compression, authorized market adjustment as part of performance pay for eligible existing employees is available July 1, 2021, but application to the salary schedule and for new hire employees will not take effect until January 1, 2022.