



# Recommended Budget for FY 2016-2017

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MAINTAINING COMMUNITY, EMBRACING GROWTH

DAVID S. CHEEK, CITY MANAGER

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May 2, 2016

Mayor and City Council  
City of Mebane, North Carolina

Dear Mayor and Council,

Pursuant to Section 159-11 of the North Carolina General Statutes, I am pleased to present, for your review and consideration, the Recommended Budget for Fiscal Year 2016-2017 (FY 2017) and the Capital Improvement Plan for 2017-2021 (CIP 2017-21). These documents have been prepared in compliance with the requirements of the Local Government Budget and Fiscal Control Act to provide an executive summary of the City's short-term strategic initiatives for FY 2017; in view of the City's longer-term vision and goals for the next five years.

The Recommended FY 2017 Budget sets forth a financial plan for the ensuing fiscal year that has been developed in accordance with the City Council's values and vision established during the strategic planning retreats this year. In summary, the City Council identified its vision and top values to provide guidance for planning processes that answer important questions and provide direction for decision-making. The Council charged staff to develop a strategy to accomplish the Council's goals. The FY 2017 Recommended Budget and CIP 2017-21 is based upon the Council's vision and values, as well as other general directives and budgetary principles as set forth in [Appendix A](#).

## ECONOMIC OUTLOOK

In the overall economy, the County unemployment rate has improved to 4.7% compared to 5.2% the previous year. This rate is reflective of the state and national rates, and marks a significant improvement over the past few years. Fortunately, the City never felt the full effects of the housing crisis of 2008 like many areas in the region, and continues its multi-year strength in new home construction. Housing prices have generally been on the rise and the rate of new home construction is steadily growing. The City has approved five new housing developments containing 798 new single-family homes, of which 249 are in plan review. New apartments are also strongly contributing to the City's residential inventory with 1,055 new apartments approved and 340 under construction. Along with another good year in economic development, these factors combined have significantly enhanced the growth of our tax base. While to a limited degree, this initial growth will be offset by incentive payments, the City continues to enjoy strong investment levels that allow high quality municipal services at a sustained low tax rate. Sales tax revenues have surpassed pre-recessionary levels and the overall growth rate has exceeded historical averages in recent years.

# FY 2017 GENERAL FUND RECOMMENDED BUDGET

## OVERVIEW

The budget and work plan might best be summarized by a quote from Abraham Lincoln: "Determine that the thing can and should be done and then we shall find the way." The City has been, and still is, in the process of determining what can and should be done to maintain our small town charm while embracing the many new residents on the horizon. In the midst of several community-led processes about Mebane’s future, we are progressing with implementation of long range plans on recreation and pedestrian mobility that have already been established. This process will continue into FY 2017, as we look to finalize the Comprehensive Land Use Plan, Transportation Plan, and the Long Range Utility Plan. While all this planning is underway, we continue to provide the day to day services that our citizens have come to expect and appreciate.

The General Fund is used to account for resources which are not legally required to be accounted for in another fund. The FY 2017 recommended General Fund budget totals \$17,411,746. This is a decrease of 4.5% from the FY 2016 revised of \$18,277,074. The original FY 2016 budget was amended by \$2,081,464 during the year. As detailed in the accompanying table, several major decisions contributed to this significant increase in the current year budget. Without these amendments, the FY 2017 recommended budget is actually increasing by 7.5% over the FY 2016 original budget.

<u>General Fund Budget Amendments</u>	<u>FY 2016</u>
Carryforward.....	\$ 465,882
Wilson Land.....	515,000
White Sidewalks.....	220,000
Lidl Roadway.....	416,667
Community Park.....	<u>463,915</u>
Total Amendments.....	<u>\$ 2,081,464</u>

The FY 2017 General Fund is balanced with a proposed property tax rate of \$0.49 per \$100 valuation, the third year in a row at this rate. The rate was raised by two cents from \$0.47 in FY 2015 for the new fire station operations and debt payments. The new station has added ongoing expenditures of over \$1 million per year to the General Fund budget, which, for perspective, amounts to 5.7 cents on the tax rate. For seven years since the Alamance County 2009 revaluation, the City has kept the tax rate below the \$.50 rate. FY 2017 is the last budget year under the 2009 revaluation. Property is revalued by Alamance County every eight years, so the next revaluation of property will be effective as of January 1, 2017. Orange County changed its revaluation schedule during the economic downturn of 2008, and is also revaluating property effective January 1, 2017.

The proposed ad valorem tax rate of \$0.49 will provide approximately \$9,525,068 in property tax revenues based on an anticipated collection rate of 98.5%. Collection rates over the past ten years have ranged from a low of 96.7% in FY 2009 to a high of 99.4% in FY 2015. A penny on the tax rate generates approximately \$175,000 in revenue.

The FY 2017 property tax base (excluding motor vehicles) is estimated to be \$1,772,811,000, a 4.4% increase (\$73,983,000) over the FY 2016 tax base, expected to end up at a net taxable value of \$1,698,828,000. While this is slight growth of 0.9% over FY 2015's tax base, it highlights the "ebb" before the "flow" of the projected tax base for FY 2017. After starting construction and in various stages of completion at January 1, 2016, many of the new industry announcements from the past three years will actually hit the tax scrolls for FY 2017. Most notably, the real property value increases for the partially completed Walmart and Lidl distribution centers in the N.C. Commerce Park amount to \$20.5 million and \$20.6 million, respectively, at the January 1, 2016 date for valuation purposes.



Along with industrial development, the residential sector has continued its strong pace from previous years. Since 2008, when the great recession began, an average of 131 new homes were constructed annually in the City and its extraterritorial jurisdiction (ETJ). In FY 2011, the number of new homes permitted fell to a low of 102, but the City has consistently led Alamance County and its other cities



in permits throughout the recession. As the chart indicates, residential building permits have steadily increased since 2011 to 148 in 2015. Current activity indicates that this trend will continue during the upcoming fiscal year at an even brisker pace.

The City's second largest revenue source, Local Option Sales Tax, is expected to generate approximately 17% of the City's total General Fund budget, or \$2,911,362 in FY 2017, an increase of 6% over the current year.

Overall, the Recommended Budget for the General Fund utilizes \$1,500,000 of appropriated fund balance. On average over the past five years, based on conservative budgeting methods, operating revenues have come in 4% to 8% over budget, while operating expenditures typically fall under budget by up to 10% or more. The amount of fund balance that is appropriated this year falls within that variance, at about 8% of expenditures, and provides flexibility to adjust to changing conditions during the year without requiring amendments to the budget.

## SOURCES OF REVENUE

The General Fund's primary sources of revenue include (1) property taxes, (2) local option sales taxes, (3) intergovernmental revenues, and (4) permits and fees. Approximately 80% of all General Fund revenue comes from property taxes and local option sales taxes. Over the past decade, the City's revenue sources have become much less diversified due to the repeal of taxes at the state level, resulting in an increased dependence on the property tax. This year the City expects strong revenue growth due to a continued healthy housing market and strong retail sales.

### PROPERTY TAXES

Two characteristics of the property tax distinguish it from other forms of taxation and underlie the methods of determining tax liability and collection. The first characteristic is that the property tax is levied on property itself, not the owner. The second is that the tax is measured by the value of the property, not by the owner's ability to pay. Thus, it is often called an "ad valorem" tax, from the Latin phrase meaning, "according to value".

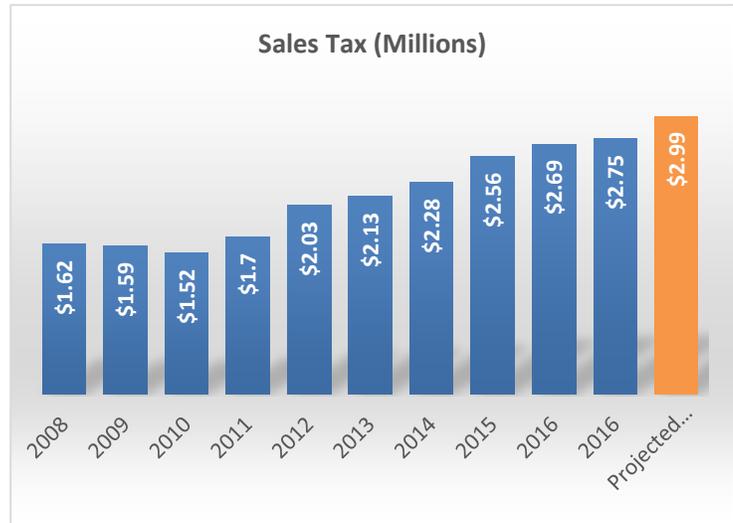
In North Carolina, property tax rates are expressed in dollars per \$100 valuation. The maximum property tax rate allowed in North Carolina is \$1.50 per \$100 of valuation. This proposed budget recommends a property tax rate of \$0.49 per \$100 of valuation. This means that for every \$100,000 in value of property, \$490 is due. Total property tax revenues are projected to be \$9,525,068 in FY 2017. In North Carolina, the Ad Valorem tax is the only significant source of revenue that the State allows local governments to control. In addition, fire district tax revenues are included within the property tax revenue projection. Fire district revenue comes from Alamance County for the fire protection the City provides to the East Alamance Fire District. Property tax revenue accounts for 62% of the General Fund's total revenues.

### LOCAL OPTION SALES TAXES

Two percent of the six and three-quarters ( $6\frac{3}{4}$ ) cents paid in sales tax on retail sales in North Carolina represents the local share of this tax. This tax consists of a one percent tax that was first levied in 1971, a one-half cent tax levied in 1983, and a one-half cent tax levied in 1986. In October 2009, the State of North Carolina replaced the Article 44 sales tax with a "hold harmless" reimbursement as part of the Medicaid funding relief program for counties. The state collects the sales taxes and distributes them to the local governmental jurisdictions. Sales tax revenues are distributed on a proportional population basis to municipalities within Alamance County. This past year, the General Assembly altered the collection and distribution of local option sales taxes in North Carolina. It is unclear at this time how this new change in distribution, to begin in June, will affect the sales tax revenue to the City.

Local option sales tax revenues are projected to be \$2,992,312 in FY 2017, which accounts for 19% of total revenues for the General Fund. The additional \$301,316 expected in sales tax is a robust growth of 11.2% over the current budgeted amount. This trend is not unusual for Mebane as sales tax revenues have been on steady surge since 2010, the lowest year since the great recession that

began in 2008. The opening of Tanger Outlets in 2010 has added to this strength as many shoppers travel from outside Alamance County and the City of Mebane to shop at this popular destination. As the chart illustrates, sale tax revenues have far surpassed pre-recessionary levels and economic activity points to a continued rise.



#### INTERGOVERNMENTAL REVENUES

Intergovernmental revenues consist primarily of the Electricity Sales Tax and the Powell Bill Allocation, and comprise approximately 14% of General Fund revenues. The Electricity Sales Tax is collected by the State and is distributed to the City based on the actual receipts from the providers of electricity within the City’s limits. The Powell Bill Allocation from the State is restricted to maintaining, repairing, or constructing City owned streets and rights-of-way. Other state-shared revenues include sales taxes on telecommunications, video programming and natural gas. Total intergovernmental revenue is estimated to be \$2,099,366 for FY 2017, a 42.9% increase (\$630,328) over FY 2016. The growth in Electricity Sales Tax makes up the majority of this increase.

#### PERMITS AND FEES

Permits and Fees consist primarily of planning and inspection fees associated with residential and non- residential development within the City and its extraterritorial jurisdiction (ETJ). Total permits and fees are expected to be \$568,500 in FY 2017, or approximately 4% of total General Fund revenues.

#### PROPOSED FEES

The only fee changes proposed in the budget include fire inspection fees, which have not been changed in more than ten years. The proposed changes are in keeping with fees charged by neighboring jurisdictions. [Appendix B](#) includes just the portion of the fee schedule that is changing for FY 2017 with changes from the current FY 2016 fee schedule redlined.

At the City Council’s planning retreat this year, staff was directed to research and recommend new fees for development to help pay for the costs of transportation and recreation resulting from the tremendous growth the City is experiencing. Fee schedule changes may be brought to the Council at any time, and we would like more time to research these options; therefore, staff is not recommending any new development fees at this time in the recommended budget.

Based upon statutory authority limitations, establishing a new recreation development fee beyond the present “fee in lieu” included in the Unified Development Ordinance needs more study. Likewise,

we believe the transportation fee should be deferred pending the completion of the Long Range Transportation Plan. Because the law requires a “rational nexus” as to the amount of the fee and the expense of the transportation improvements cost and, and because the fee is limited by a “proportionate fair share” standard, we recommend that the transportation study be concluded prior to the adoption of a fee policy. Once the study is concluded, we can properly apply these statutorily-required principles to arrive at a recommended fee for adoption by the Council.

### GENERAL FUND REVENUES & OTHER FINANCING SOURCES

Overall, revenues for the General Fund are estimated at \$15,421,746, a 7.3% increase over the current year. Other financing sources consist of proceeds from a planned financing of a new fire engine and appropriated fund balance. Other financing sources are decreasing by 48.5%, mostly the result of the \$2 million in FY 2016 budget amendments for major purchases as described earlier. The following table presents the General Fund estimated revenues for FY 2017 as compared to the FY 2016 revised budget.

General Fund	FY 2015 Actual	FY 2016 Revised Budget	FY 2017 Recommended Budget	\$ Change	% Change
<b>Revenues</b>					
Property taxes.....	\$ 8,639,442	\$ 9,095,516	\$ 9,525,068	\$ 429,552	4.7%
Local option sales taxes.....	2,559,883	2,690,996	2,992,312	301,316	11.2%
Privilege licenses.....	190,058	-	500	500	N/A
Unrestricted intergovernmental.....	2,563,218	1,077,873	1,655,703	577,830	53.6%
Restricted intergovernmental.....	506,717	391,165	443,663	52,498	13.4%
Permits & fees.....	624,742	658,498	568,500	(89,998)	(13.7%)
Sales & services.....	83,645	98,727	100,000	1,273	1.3%
Investment earnings.....	165	5,000	12,000	7,000	140.0%
Miscellaneous.....	145,042	348,753	124,000	(224,753)	(64.4%)
Total revenues.....	<u>15,312,911</u>	<u>14,366,528</u>	<u>15,421,746</u>	<u>1,055,218</u>	7.3%
<b>Other financing sources</b>					
Transfers in.....	575,000	990,000	-	(990,000)	(100.0%)
Debt proceeds.....	-	-	490,000	490,000	N/A
Appropriated fund balance.....	(542,692)	2,870,546	1,500,000	(1,370,546)	(47.7%)
Total other financing sources.....	<u>32,308</u>	<u>3,860,546</u>	<u>1,990,000</u>	<u>(1,870,546)</u>	(48.5%)
Total revenues & other financing sources..	<u>\$ 15,345,219</u>	<u>\$ 18,227,074</u>	<u>\$ 17,411,746</u>	<u>\$ (815,328)</u>	(4.5%)

### GENERAL FUND SPENDING AND WORK PLAN

The General Fund includes all the basic governmental functions of the City. General Fund spending is estimated at \$17,411,746, a decrease of 4.5% from this year’s budget. This budget continues the tradition of quality services in the midst of rapid growth, while thoughtfully planning for the future of Mebane. With the recent and growing interest in Mebane as a place to live and conduct business, our vision to *maintain community while embracing growth* is the only way we can remain *Positively Charming*. Requests from departments totaled \$19,259,433, so to maintain the current tax rate and

budget an appropriate amount of fund balance, I am recommending reductions in the department requests totaling \$1,847,687. The vision and guidance provided by Council clarified direction in making these tough decisions. A financial summary of these budget requests and associated cuts is provided in [Appendix C](#).

General Fund expenditures for FY 2017 reflect the first time allocation of administrative costs to the Utility Fund totaling \$418,683. Other personnel changes include the addition of a groundskeeper position and part-time positions for police specialist, code enforcement and permit technician. The budget provides for a 2% COLA and merit raises, along with a significant increase in employee and retiree medical insurance. To maintain employee health benefits at existing coverage levels, the City’s renewal quote required a 24% increase in premiums. A reduction in employee health benefits is likely this year in an effort to limit the increase in premiums to 10% or less.

Operating expenditures are largely held the same, with some reductions for the completion of renovation and up fit projects in Recreation, Planning and Fire, along with a reduction in previously approved economic incentives expected to be due in FY 2017.

Capital expenses include the purchase of a replacement pumper truck for Fire and ongoing vehicle replacements for Police and Public Works, a new vehicle for Inspections, and the purchase of smaller equipment as noted on departmental sheets (See [Appendix D](#) for the more detailed department budgets).

The following table provides the General Fund budget at the functional level comparing the change in the FY 2017 recommended budget from the FY 2016 revised budget.

<u>Function</u>	<u>2014-15 Actual</u>	<u>2015-16 Revised Budget</u>	<u>2015-16 Estimated</u>	<u>2016-17 Recommended</u>	<u>% Change From FY16 Budget</u>
General Government....	\$ 4,575,991	\$ 4,595,148	\$ 4,292,014	\$ 3,931,409	(14.4%)
Public Safety.....	4,873,187	6,023,493	5,756,384	6,680,931	10.9%
Public Works.....	3,708,075	4,130,477	3,731,922	4,169,769	1.0%
Econ & Phys Dev't.....	703,467	1,701,390	1,456,213	1,342,213	(21.1%)
Recreation.....	<u>1,318,029</u>	<u>1,776,566</u>	<u>1,696,953</u>	<u>1,287,424</u>	(27.5%)
Totals.....	<u>\$ 15,178,750</u>	<u>\$ 18,227,074</u>	<u>\$ 16,933,486</u>	<u>\$ 17,411,746</u>	(4.5%)

Similarly, the following table provides the General Fund budget comparing the change in the FY 2017 recommended budget from the FY 2016 revised budget; however, it is presented by category of expenditures.

<u>Expenditure Type</u>	<u>2014-15 Actual</u>	<u>2015-16 Revised Budget</u>	<u>2015-16 Estimated</u>	<u>2016-17 Recommended</u>	<u>% Change From FY16 Budget</u>
Personnel.....	\$ 7,244,929	\$ 9,024,078	\$ 8,654,287	\$ 9,302,647	3.1%
Operating.....	4,136,022	6,084,157	5,353,045	5,544,442	(8.9%)
Capital.....	1,331,299	1,353,659	1,160,976	1,270,300	(6.2%)
Debt Service.....	1,016,500	996,265	996,263	1,294,357	29.9%
Transfers.....	1,450,000	768,915	768,915	-	(100.0%)
Totals.....	<u>\$ 15,178,750</u>	<u>\$ 18,227,074</u>	<u>\$ 16,933,486</u>	<u>\$ 17,411,746</u>	(4.5%)

Detailed budgets for each functional area and each department are included in [Appendices D](#). The following list provides a summary of highlights for each General Fund department.

#### GENERAL GOVERNMENT

- The City Council budget is largely unchanged from prior years.
- Administration includes funding to continue projects currently underway like Branding, Website Redesign, Risk Management and Charter Review.
- Finance includes the elimination of the Tax Collector position and contracting with Alamance and Orange counties for tax collection services, for a net savings of about \$45,000. The FY 2017 Budget also includes \$150,000 carried forward for purchase of a new financial system.
- The Information Technology budget includes a continuation of funding for integrating the city's network, including measures for site security and disaster recovery.
- Non-Departmental includes one semi-annual payment of \$238,000 toward new debt for the new Clay Street Community Park, an increase in the cost of medical insurance for retirees and an allowance for employee medical insurance increases pending the renewal of our contract for next year.

#### PUBLIC SAFETY

The 11.3% increase in public safety expenditures for FY 2017 is largely due to the replacement of a 1993 pumper truck for Fire at a cost of \$490,000. Both Police and Fire budgets include the full year cost of career promotions granted in FY 2016, and the budget includes the personnel additions of a part-time police specialist position to serve as a Victim/Witness Coordinator and additional overtime budget dollars for the Fire Department. Continuing costs include the routine replacement of vehicles and equipment, along with replacement of radar equipment.

#### PUBLIC WORKS

The Public Works budget for FY 2017 reflects the allocation of 50% of the Director's time to Utility Fund projects and includes an additional position for grounds keeping. Operating expense increases include marina costs for the Graham Mebane Lake and additional tipping fees due to growth in the number of households. Capital expenditures planned for FY 2017 include a storage building for secure storage of salt, sand and other materials and a replacement pickup truck.

**ECONOMIC & PHYSICAL DEVELOPMENT**

The FY 2017 budget for economic and physical development includes additional support for the Planning & Inspections Department with the addition of two part-time positions to provide code enforcement and customer service assistance, along with a new vehicle. Economic development incentives anticipated to be due in FY 2017 for existing agreements total \$561,137, accounting for the reduction in operating expenses from FY 2016.

**RECREATION & PARKS**

The Recreation Department's operating expenses for FY 2016 included the Hall of Fame Gala, not repeated in FY 2017. Capital funding, which also drops in FY 2017 after completion of the MACC renovations in FY 2015 and purchase of land for a pocket park in FY 2016, includes replacement lights at the MACC and Holt Street Park improvements, undertaken with funding from an Impact Alamance grant. Also, the planning process is underway for the new pocket parks on Fifth Street and First Street, with construction slated to begin during FY 2017. Included in the recommended budget are design costs for both parks, and a portion of the construction costs, as they may not get started until later in the fiscal year. Both of these new pocket parks will be accounted for in a separate capital project.

**OUTSIDE AGENCIES**

The city funds several outside agencies that provide services to the citizens of Mebane. The table includes my recommendations for funding these agencies for FY 2017.

Agency	Amount
Alamance County Arts Council	\$ 10,000
Alamance County Transportation	5,252
Mebane Historical Museum	36,500
The Volunteer Train Group	29,500
Alamance Chamber	20,000
Triangle Transit Park & Ride Lot	4,800

**FY 2017 UTILITY FUND RECOMMENDED BUDGET**

**OVERVIEW**

The Utility Fund is an enterprise fund, designed to account for all revenues and costs associated with the City's water and sewer system. The recommended budget for FY 2017 is \$7, 348,052, a 5.4% decrease from the FY 2016 revised budget.

The original FY 2016 budget has been amended by \$1,072,550 during the year. As detailed in the chart at the right, several "big ticket" decisions contributed to this significant increase in the current year budget. Without these amendments, the FY

**Utility Fund Budget Amendments**

	FY 2016
White Furniture Fee Waiver.....	\$ 180,550
Forest Ridge Loan Repayment.....	660,000
White Furniture Pipe Replacemnt...	55,000
WWTP Capital Project.....	<u>177,000</u>
Total Amendments.....	<u><u>\$ 1,072,550</u></u>

2017 recommended budget is actually increasing by 9.7% over the FY 2016 original budget.

**REVENUES & OTHER FINANCING SOURCES**

**REVENUES**

Along with Mebane’s growth from business and residential development, Utility Fund revenues are projected to follow suit, increasing by \$540,503. Almost 90% of the revenues generated in the Utility Fund are comprised of the water and sewer fees charged to customers for service. These revenues are estimated to grow 11.7% as the City continues to add population, boosting residential construction and economic activity. Since no changes in rates are proposed for FY 2017, this growth is due to increases in usage from an expanding population and development. Large increase in connection fees occurred in FY 2016, mainly due to a number of apartment complexes beginning construction during the year. The following table compares the FY 2017 recommended budget with the FY 2016 revised budget for this fund.

<b>Utility Fund</b>	<b>FY 2015 Actual</b>	<b>FY 2016 Revised Budget</b>	<b>FY 2017 Recommended Budget</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Revenues</b>					
Sales and Services.....	\$ 4,652,537	\$ 4,702,537	\$ 5,251,040	\$ 548,503	11.7%
Connection Fees.....	460,806	460,806	450,000	(10,806)	(2.3%)
Intergovernmental.....	40,000	40,000	56,000	16,000	40.0%
Permits and Fees.....	81,735	81,735	88,050	6,315	7.7%
Investment Earnings.....	3,750	3,750	300	(3,450)	(92.0%)
Miscellaneous.....	93,440	93,440	90,000	(3,440)	(3.7%)
Total revenues.....	<u>5,332,268</u>	<u>5,382,268</u>	<u>5,935,390</u>	<u>553,122</u>	10.3%
<b>Other financing sources</b>					
Appropriated fund balance.....	<u>(753,220)</u>	<u>2,386,682</u>	<u>1,412,662</u>	<u>(974,020)</u>	(40.8%)
Total revenues & other financing sources..	<u>\$ 4,579,048</u>	<u>\$ 7,768,950</u>	<u>\$ 7,348,052</u>	<u>\$ (420,898)</u>	(5.4%)

**OTHER FINANCING SOURCES**

In order to balance the budget this year, I am recommending that the City Council appropriate fund balance of \$1,412,662. With the proposed FY 2017 spending plan of \$7,348,052 and estimated revenues of \$5,935,390, the budgetary use of fund balance will be required to fill the gap. As with the General Fund, the City has traditionally budgeted fund balance with the understanding that conservative budget techniques typically do not result in actually dipping into the City coffers.

**UTILITY FUND SPENDING AND WORK PLAN**

Utility Fund spending is estimated at \$7,348,052, a \$601,498 decrease from this year’s budget. Decreases in debt payments (\$509,138) as we pay down existing debt and a reduction in transfers to other funds (\$422,000) are netted with the increased expense of the indirect cost allocation (\$418,683) to account for much of the change. Over the next few years, a significant decrease in debt service is expected. The budget includes a transfer of \$800,000 to a new Utility Capital Fund. This transfer will provide startup funding for the new fund, which will be used to dedicate connection fee

revenue to capital construction projects for the provision of new services and upgrades to the system. The following table highlights changes by division in this fund.

Utility Fund	FY 2015 Actual	FY 2016 Revised Budget	FY 2017 Recommended Budget	\$ Change	% Change
Administration & Billing.....	\$ 246,883	\$ 655,391	\$ 989,120	\$ 333,729	50.9%
Maintenance & Operations.....	1,895,165	3,207,088	3,098,774	(108,314)	(3.4%)
Water Resource Recovery Facility....	1,269,740	1,454,338	1,558,563	104,225	7.2%
Non-Departmental.....	<u>1,372,746</u>	<u>2,632,733</u>	<u>1,701,595</u>	<u>(931,138)</u>	<u>(35.4%)</u>
Total.....	<u>\$ 4,784,534</u>	<u>\$ 7,949,550</u>	<u>\$ 7,348,052</u>	<u>\$ (601,498)</u>	<u>(7.6%)</u>

#### ADMINISTRATION & BILLING

Administration & Billing reflects the allocation of administrative costs from the General Fund, along with increases for the purchase of new meters and for credit card fees as more customers use this form of payment.

#### MAINTENANCE & OPERATIONS

The Operations and Maintenance budget for FY 2017 includes an allowance for employee raises and additional overtime for pump station monitoring. The budget reflects a reduction for chemicals (\$45,000) due to a successful formal bid, netting against an increase in the cost of water due to growth. Capital spending plans include the installation of SCADA system for the lift stations, relocation of water & sewer lines for the 119 Bypass project, completion of the Farrar Lane upgrade and allocations for capital repairs and maintenance.

#### WATER RESOURCE RECOVERY FACILITY

Based on operational changes, the Water Resource Recovery Facility (WRRF) was able to reduce a number of operating expenses for a savings of about \$27,000. The addition of technology infrastructure and related software continues to automate the facility and improve productivity and efficiency. The capital budget includes the replacement of one vehicle and the installation of a surge pump to protect against flooding from rainfall.

#### NON-DEPARTMENTAL

The Non-Departmental budget includes declining debt payments and, with the completion of projects that were underway in recent years like the generator and new laboratory building, a reduction in transfers to capital projects. The non-departmental budget does include a transfer of \$800,000 to establish the new Utility Capital Fund, which will be used to preserve connection fees for expansion and capital maintenance of the system. An assessment of the system is in progress that will yield a long-range plan for maintaining the health of the utility system and its ability to serve new growth in the City. The new capital fund will provide a source of funding for the capital projects that may be recommended by the study.

## CONCLUSION AND SET PUBLIC HEARING

The City of Mebane continues its efforts to provide efficient and effective government services for its citizens. With the City Council's visionary plans for improving the quality of life in the community, the City is situated well to handle the challenges of rapid growth. Staff and elected officials have contributed many creative ideas throughout the years enabling the City to prosper to this point, and I look forward to keeping that tradition.

As required by the N.C. general statutes, please accept this document as my recommendation for the FY 2017 Budget and FY 2017-21 Capital Improvement Plan ([Appendix E.](#)) As has been our tradition, I am proposing that you set a public hearing at our regular meeting on [June 6, 2016](#) to consider the budget ordinance that will put this plan into action for the coming fiscal year, while setting a five year direction for major capital outlays. As always, I look forward to the opportunity to work with you in keeping the City of Mebane a "positively charming" place to live, work and play!

Respectfully submitted,

David S. Cheek

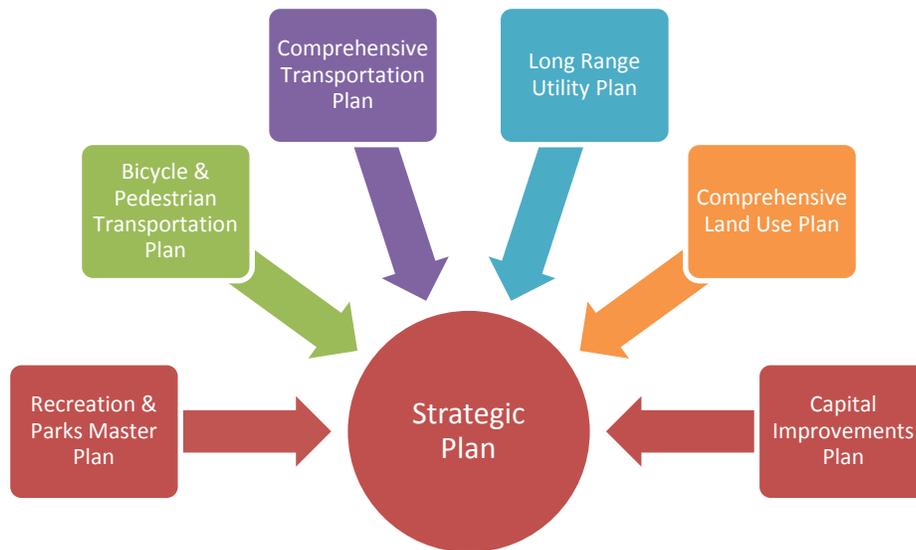
A handwritten signature in blue ink that reads "D. S. Cheek" followed by a stylized monogram "SM".

City Manager

## APPENDIX A: STRATEGY, VISION, VALUES, AND GENERAL PRINCIPLES

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During FY 2016, the City began several community-led planning efforts that will culminate in a Strategic Plan for the City. Taking a long-term view, the City Council began defining a vision for the goals and initiatives determined to be important by the citizens of Mebane. FY 2017 will see these plans completed and formulated into a Strategic Plan. The goal is to transform the City’s budgeting process into a more strategic, results-driven process that aligns with the City Council’s vision and strategies articulated in the our strategic planning retreats.



### VALUES

The City Council identified its values at the first retreat in February. City staff and the Council developed and refined this list of bedrock beliefs. These values are the foundation upon which all the City of Mebane’s plans and decisions should be based.

- Provide a safe and secure community,
- Provide and maintain infrastructure to support anticipated growth,
- Promote an active, healthy and culturally engaged community,
- Promote economic vitality with full employment opportunity,
- Preserve the character of a nurturing and family friendly City,
- Promote a clean and green environment,
- Maintain a strong financial condition using fiscally conservative strategies.

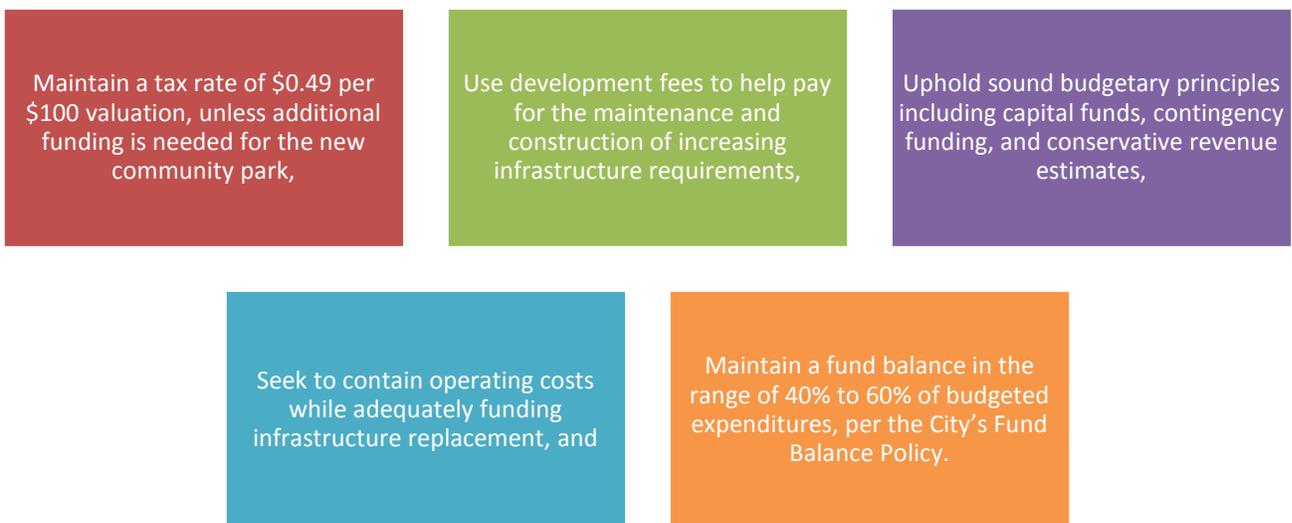
## VISION

The City Council used a question and answer format during the second retreat in March to help establish vision. After much thought and lively discussion, the Council focused in on the following issues related to their vision for the future. These guiding principles inform, not only the various plans underway, but help determine the infrastructure and funding necessary to accomplish the Council’s vision. They also guide the development of our financial plans like the budget and CIP.



## GENERAL DIRECTIVES & BUDGETARY PRINCIPLES

During both City Council retreats, several principles seemed to be recurring themes. These directives were developed as a summary of for general budget direction not only this year, but as guiding principles for future directions as well.



**APPENDIX B:  
FEE SCHEDULE FOR FY 2017**

**Fee Schedule Proposed July 1, 2017**

**Fire**

Airport/Heliports	\$50 <del>\$25</del>	Organic Coatings	\$50 <del>\$25</del>
Bowling Pin Refinishing	\$50 <del>\$25</del>	Ovens	\$50 <del>\$25</del>
Bowling Alley Refinishing	\$50 <del>\$25</del>	Pipelines Flammable/Combustible	\$50 <del>\$25</del>
Cellulose Nitrate Motion Picture	\$50 <del>\$25</del>	Pulverized Particles (Dust)	\$50 <del>\$25</del>
Cellulose Nitrate Plastic (Pryoxlyn)	\$50 <del>\$25</del>	Repair Garages	\$50 <del>\$25</del>
Combustible Fibers	\$50 <del>\$25</del>	Tank Vehicle Flammable/Combustible	\$50 <del>\$25</del>
Compressed Gases	\$50 <del>\$25</del>	Tire Rebuilding Plants	\$50 <del>\$25</del>
Crude Oil Production	\$50 <del>\$25</del>	Wrecking Yards/Junk Yards/Waste	\$50 <del>\$25</del>
Cryogenic Fluids	\$50 <del>\$25</del>	Welding/Cutting	\$50 <del>\$25</del>
Dry Cleaning Plants (NEW)	\$50 <del>\$25</del>	Match Manufacturing	\$50 <del>\$25</del>
Flammable Finishes Paint Booths	\$50 <del>\$25</del>	Radioactive Materials	\$100 <del>\$50</del>
Fruit Ripening Processes	\$50 <del>\$25</del>	Sprinkler Installation Permit Fee	\$100 <del>\$50</del>
Fumigation/Thermal Insecticide	\$50 <del>\$25</del>	Pressure Test & Inspection	\$50 <del>\$25</del>
High Pile Storage Facilities	\$50 <del>\$25</del>	Hood Systems Extinguishment	\$100 <del>\$50</del>
Liquified Natural Gas 100-500 Gal.	\$50 <del>\$25</del>	Ansul Test & Inspection	\$50 <del>\$25</del>
500-2000 Gallons	\$50 <del>\$25</del>	Alarm System Permit	\$100 <del>\$50</del>
2000-30,000 Gallons	\$50 <del>\$25</del>	Alarm System Inspection	\$50 <del>\$25</del>
Liquified Petroleum Gas	\$50 <del>\$25</del>	Tents	\$50 <del>\$25</del>
Lumber Storage	\$50 <del>\$25</del>	Fireworks	\$50 <del>\$25</del>
Magnesium	\$50 <del>\$25</del>	Explosives	\$100 <del>\$50</del>
Mechanical Refrigeration	\$50 <del>\$25</del>	Return Inspection Fee	\$100 <del>\$50</del>
Motion Picture Projection	\$50 <del>\$25</del>	Canopies more than 400 sq. ft.	\$50 <del>\$25</del>

**Flammable/Combustible Liquids Installation**

Above Ground	\$100 <del>\$50</del>	Return Inspection Fee	\$100 <del>\$50</del>
Additional Tank	\$50 <del>\$25</del>	Removal	\$100 <del>\$50</del>
Return Inspection Fee	\$100 <del>\$50</del>	Additional Tank	\$50 <del>\$25</del>
Underground	\$100 <del>\$50</del>	Upgrade Piping	\$50 <del>\$25</del>
Additional Tank	\$50 <del>\$25</del>	Return Inspection Fee	\$100 <del>\$50</del>

\*\*Explosive/Blasting Agents & Ammunition permits will be issued with a valid certificate of insurance stating they are covered for \$1,000,000 of general liability insurance.

**Noncompliance w/Fire Code Fee (per Code of Ordinances Article III, Chapter 16, Section**

1st Re-inspection	\$75	3rd Re-inspection	\$200
2nd Re-inspection	\$150		

**Recoupment Charge for False Alarms (per Code of Ordinance Article VI, Chapter 6, Section**

5 or more in 1 year	\$100	More than 2 in a 7 day period	\$300
2 in a 24 hour period	\$300		
<b>Over crowding</b>	<b>\$100</b>	<b>Per person over posted occupancy certificate.</b>	

**APPENDIX C:  
MANAGER'S BUDGET ADJUSTMENTS**

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<b>Department</b>	<b>Description</b>	<b>Increase (Decrease)</b>
<b>Various</b>	Indirect cost allocation to Utility Fund	\$ (418,683)
<b>Adminsitration</b>	Marketing & branding implementation	(21,500)
	City Hall renovations	(25,000)
	Reduce part-time salaries	(5,000)
	Add safety glasses	3,600
<b>Finance</b>	Reduce part-time salaries	(5,382)
	Add Accounting Technician	54,776
<b>IT</b>	Delay phone system upgrade	(10,000)
	Moved server purchase to current year	(18,575)
<b>Public Bldg</b>	Delay LED light changeout	(41,145)
	Remove pocket park maintenance costs	(5,500)
	Reduce part-time salaries	(10,765)
<b>Police</b>	Remove paving of impound lot	(24,134)
	Reserve for firing range & new headquarters	(100,000)
	Reduce supplies	(1,654)
	Reduce uniforms	(10,000)
<b>Fire</b>	Remove deputy chief position	(85,490)
	Remove inspector position	(59,170)
	Reduce building & grounds maintenance	(1,000)
	Remove second set of turnout gear	(20,000)
	Remove increase in Christmas party	(500)
<b>Planning &amp; Inspections</b>	Permit software	(60,000)
	Reduce amount for new vehicle	(20,000)
<b>Public Works</b>	Reduce estimated engineering reviews	(30,000)
	Reduce part-time salaries	(10,765)
	Delay rock wall @ cemetery	(60,000)
<b>Sanitation</b>	Reduce vehicle repair expenses	(15,000)
<b>Recreation</b>	Tennis court resurfacing	(17,800)
	Reduce part-time salaries	(6,000)
	Reduce supplies	(5,000)
	Remove replacement of MACC cabinets	(18,000)
<b>Non-Departmental</b>	Eliminate start-up capital fund transfer	(800,000)
	<b>Total Net Adjustments</b>	<b><u>\$ (1,847,687)</u></b>

## APPENDIX D: BUDGET BY FUNCTION & DEPARTMENT

### GENERAL FUND

#### General Fund Summary

The General Fund includes all the basic governmental functions of the City.

General Fund expenditures for FY17 reflect the first time allocation of administrative costs to the Utility Fund totaling \$418,683. Other personnel changes include the addition of a groundskeeper position and part-time positions for police specialist, code enforcement and permit technician. The budget provides for a 2% COLA and merit raises, along with an allowance for an increase in employee and retiree medical insurance.

Operating expenses are largely held the same, with some reductions for the completion of renovation and upfit projects in Recreation, Planning and Fire, along with a reduction in economic incentives expected to be due in FY17.

Capital expenses include the purchase of a replacement pumper truck for Fire and ongoing vehicle replacements for Police and Public Works, a new vehicle for Inspections, and the purchase of smaller equipment as noted on departmental sheets.

<u>Function</u>	<u>2014-15 Actual</u>	<u>2015-16 Revised Budget</u>	<u>2015-16 Estimated</u>	<u>2016-17 Recommended</u>	<u>% Change From FY16 Budget</u>
General Government.....	\$ 4,575,991	\$ 4,595,148	\$ 4,292,014	\$ 3,931,409	(14.4%)
Public Safety.....	4,873,187	6,023,493	5,756,384	6,680,931	10.9%
Public Works.....	3,708,075	4,130,477	3,731,922	4,169,769	1.0%
Economic & Physical Development...	703,467	1,701,390	1,456,213	1,342,213	(21.1%)
Recreation.....	1,318,029	1,776,566	1,696,953	1,287,424	(27.5%)
Totals.....	<u>\$ 15,178,750</u>	<u>\$ 18,227,074</u>	<u>\$ 16,933,486</u>	<u>\$ 17,411,746</u>	(4.5%)

<u>Expenditure Type</u>	<u>2014-15 Actual</u>	<u>2015-16 Revised Budget</u>	<u>2015-16 Estimated</u>	<u>2016-17 Recommended</u>	<u>% Change From FY16 Budget</u>
Personnel.....	\$ 7,244,929	\$ 9,024,078	\$ 8,654,287	\$ 9,302,647	3.1%
Operating.....	4,136,022	6,084,157	5,353,045	5,544,442	(8.9%)
Capital.....	1,331,299	1,353,659	1,160,976	1,270,300	(6.2%)
Debt Service.....	1,016,500	996,265	996,263	1,294,357	29.9%
Transfers.....	1,450,000	768,915	768,915	-	(100.0%)
Totals.....	<u>\$ 15,178,750</u>	<u>\$ 18,227,074</u>	<u>\$ 16,933,486</u>	<u>\$ 17,411,746</u>	(4.5%)

## General Government

General government includes City Council and Administration, Finance, IT, Human Resources and Non-Departmental expenses.

*The General Government Budget for 2016-17 reflects a 16.2% reduction from the 2015-16 budget, with increases in debt and insurance costs in Non-Departmental disappearing when netted with reductions in one-time transfers to capital projects from the prior year. The budget also reflects the first-time distribution of administrative costs to the Utility Fund.*

- **City Council** budget is largely unchanged from prior years.
- **Administration** includes funding to continue projects currently underway like Branding, Website Redesign, Risk Management and Charter Review.
- **Finance** includes the elimination of the Tax Collector position and contracting with Alamance and Orange counties for tax collection services, for a net savings of about \$45,000. The FY17 Budget also includes \$150,000 carried forward for purchase of a new financial system.
- **IT** budget includes a continuation of funding for tying together the city's network, including measures for site security and disaster recovery.
- **Non-Departmental** includes the assumption of one payment of \$238,000 toward new debt for the City Park, an increase in the cost of medical insurance for retirees and an allowance for employee medical insurance increases pending the renewal of our contract for next year.

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
City Council	83,890	85,787	76,250	86,022	0.3%
Administration	907,970	1,194,501	1,064,595	968,762	-18.9%
Finance	599,820	770,459	581,320	701,934	-8.9%
IT	-	273,095	249,619	225,302	-17.5%
Non-Departmental	2,984,310	2,271,306	2,320,230	1,949,389	-14.2%
<b>Totals</b>	<b>4,575,991</b>	<b>4,595,148</b>	<b>4,292,014</b>	<b>3,931,409</b>	<b>-14.4%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Personnel	1,310,013	1,590,104	1,491,572	1,469,733	-7.6%
Operating	748,509	938,539	925,371	957,519	2.0%
Capital	50,970	301,325	109,893	209,800	-30.4%
Debt	1,016,500	996,265	996,263	1,294,357	29.9%
Transfers	1,450,000	768,915	768,915	-	-100.0%
<b>Totals</b>	<b>4,575,991</b>	<b>4,595,148</b>	<b>4,292,014</b>	<b>3,931,409</b>	<b>-14.4%</b>

## City Council

The City Council is the governing body of the City of Mebane, and consists of the mayor and five other members.

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*The City Council's budget includes a stipend for each member along with budget for supplies, dues and meeting expenses.*

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	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	83,890	85,787	76,250	86,022	0.3%
Totals	83,890	85,787	76,250	86,022	0.3%

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	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	59,893	60,269	58,992	60,172	-0.2%
Operating	23,997	25,518	17,258	25,850	1.3%
Capital	-	-	-	-	N/A
Totals	83,890	85,787	76,250	86,022	0.3%

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## Administration

Administration includes the City Manager and Assistant Manager, City Clerk, Attorney and Human Resources.

*The Administration budget includes an allowance for performance increases netted with a first-time allocation (\$196,070) of administrative costs to the Utility Fund for the administrative staff's time spent on utility-related projects. The operating budget includes continued funding for projects underway like the website redesign, branding implementation, risk management and charter review. Capital funding provides for continued improvements to the Tommy Long Train display as requested by the Train Group.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	907,970	1,194,501	1,064,595	968,762	-18.9%
<b>Totals</b>	<b>907,970</b>	<b>1,194,501</b>	<b>1,064,595</b>	<b>968,762</b>	<b>-18.9%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	764,760	914,735	838,911	791,892	-13.4%
Operating	125,156	223,316	192,853	147,370	-34.0%
Capital	18,055	56,450	32,831	29,500	-47.7%
<b>Totals</b>	<b>907,970</b>	<b>1,194,501</b>	<b>1,064,595</b>	<b>968,762</b>	<b>-18.9%</b>

## Finance

The Finance Department consists of four employees responsible for all revenue collections and financial reporting for the City.

*The FY17 budget includes a change in tax collections, from internal collections to contracting with Alamance and Orange Counties. In place of a tax collector position, the FY17 budget includes an Accounting Tech position to assist the other functions.*

*The FY16 capital budget of \$150,000 for a new financial system is carried forward to FY17 since that project was delayed, and FY17 capital also includes replacement costs for two copiers at City Hall.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	599,820	770,459	581,320	701,934	-8.9%
<b>Totals</b>	<b>599,820</b>	<b>770,459</b>	<b>581,320</b>	<b>701,934</b>	<b>-8.9%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	374,479	406,714	379,999	322,738	-20.6%
Operating	192,426	209,945	182,521	215,196	2.5%
Capital	32,915	153,800	18,800	164,000	6.6%
<b>Totals</b>	<b>599,820</b>	<b>770,459</b>	<b>581,320</b>	<b>701,934</b>	<b>-8.9%</b>

## Information Technology

The IT Department has one employee and is responsible for management and maintenance of the citywide network of servers, computers and peripherals.

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*The IT Department was established as a separate division in the FY16 budget. The FY17 budget includes an indirect cost adjustment for the IT Director's time spent on Utility projects, which accounts for the net 10.4% decrease in General Fund personnel costs. The operating and capital budgets for FY17 provide for the continuation of the prior year's work to unify and secure the city's network, including backups and other disaster recovery measures.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	-	273,095	249,619	225,302	-17.5%
<b>Totals</b>	-	273,095	249,619	225,302	-17.5%

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	-	96,291	104,991	86,251	-10.4%
Operating	-	85,729	86,366	122,751	43.2%
Capital	-	91,075	58,262	16,300	-82.1%
<b>Totals</b>	-	273,095	249,619	225,302	-17.5%

## Non-Departmental

The Non-Departmental division includes general government expenditures that are not specific to any one functional area.

*FY16 included one-time transfers to capital projects for White Furniture and the new City Park. The White project is complete, and a debt issuance is planned for the City Park in FY17. The Non-Departmental budget for FY17 includes an initial estimated payment on the Park debt (\$237,613) and new debt for the purchase of a Fire pumper truck (\$80,950.) Personnel costs include an allowance for an anticipated increase in group medical for employees and retiree health insurance. Continuing operating costs include allocations to nonprofits and unemployment insurance.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	2,984,310	2,271,306	2,320,230	1,949,389	-14.2%
<b>Totals</b>	<b>2,984,310</b>	<b>2,271,306</b>	<b>2,320,230</b>	<b>1,949,389</b>	<b>-14.2%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	110,881	112,095	108,679	208,680	86.2%
Operating	406,930	394,031	446,373	446,352	13.3%
Debt Service	1,016,500	996,265	996,263	1,294,357	29.9%
Transfers	1,450,000	768,915	768,915	-	-100.0%
<b>Totals</b>	<b>2,984,310</b>	<b>2,271,306</b>	<b>2,320,230</b>	<b>1,949,389</b>	<b>-14.2%</b>

## Public Safety

Public Safety includes Police and Fire protection.

*The 11.3% increase in public safety expenditures for FY17 is largely due to the replacement of a 1993 pumper truck for Fire (\$490,000). Both Police and Fire budgets include the full year cost of career promotions granted in FY16, and the budget includes the personnel additions of a part-time police specialist position to serve as a Victim/Witness Coordinator and additional overtime budget for the Fire Department. Continuing costs include the routine replacement of vehicles and equipment, along with replacement of radar equipment.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Police	2,691,650	3,528,026	3,332,038	3,549,306	0.6%
Fire	2,181,537	2,495,467	2,424,346	3,131,625	25.5%
<b>Totals</b>	<b>4,873,187</b>	<b>6,023,493</b>	<b>5,756,384</b>	<b>6,680,931</b>	<b>10.9%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Personnel	3,596,257	4,549,291	4,521,194	4,909,482	7.9%
Operating	889,094	1,212,327	940,996	999,949	-17.5%
Capital	387,836	261,875	294,194	771,500	194.6%
<b>Totals</b>	<b>4,873,187</b>	<b>6,023,493</b>	<b>5,756,384</b>	<b>6,680,931</b>	<b>10.9%</b>

## Police

The Police Department includes the Police Chief and 30 sworn law enforcement officers who, along with their support staff, maintain the safety and peace of the community.

*The Police budget for FY17 includes the full year cost of career promotions granted in FY16, along with the addition of a part-time specialist to serve as Victim/Witness Coordinator. The FY17 budget provides for continuation of existing service levels, including the routine replacement of four police cruisers and phase II implementation of mobile computers. One-time funding in FY17 includes the replacement of radar equipment necessitated by a change at the State level. Long-term planning includes a firing range for training and a new headquarters within the next ten years, although no funding is provided in FY17.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	2,659,356	3,523,391	3,328,038	3,545,306	0.6%
Grants/Intergov	32,294	4,635	4,000	4,000	-13.7%
<b>Totals</b>	<b>2,691,650</b>	<b>3,528,026</b>	<b>3,332,038</b>	<b>3,549,306</b>	<b>0.6%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	2,107,967	2,450,823	2,439,799	2,658,857	8.5%
Operating	498,933	863,328	636,736	662,449	-23.3%
Capital	84,750	213,875	255,503	228,000	6.6%
<b>Totals</b>	<b>2,691,650</b>	<b>3,528,026</b>	<b>3,332,038</b>	<b>3,549,306</b>	<b>0.6%</b>

## Fire

The Fire Department coordinates career and volunteer staff at three stations for providing suppression and life safety services to the City, including first responder services.

*FY16 was the first full year of operations in the newly opened Station 3, and the FY17 budget includes adjustments to those initial estimates upon actual experience. The personnel budget provides full year of promotions granted in FY16 and additional overtime budget. Operations and capital for the past couple of years included one-time budget for outfitting the new station. FY17 includes funding for replacement of a 1992 Pierce pumper truck to be financed over 7 years, an AirVac system for exhausting truck fumes at Station 1, a Hurst tool for the southside of the district and other small safety and training equipment.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	1,740,727	2,047,687	1,962,846	2,660,739	29.9%
Grants/Intergov	9,000	9,000	9,000	9,000	0.0%
Fire District Taxes	431,810	438,780	452,500	461,886	5.3%
<b>Totals</b>	<b>2,181,537</b>	<b>2,495,467</b>	<b>2,424,346</b>	<b>3,131,625</b>	<b>25.5%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	1,488,290	2,098,468	2,081,395	2,250,625	7.3%
Operating	390,162	348,999	304,260	337,500	-3.3%
Capital	303,086	48,000	38,691	543,500	1032.3%
<b>Totals</b>	<b>2,181,537</b>	<b>2,495,467</b>	<b>2,424,346</b>	<b>3,131,625</b>	<b>25.5%</b>

## Public Works

Public Works oversees the maintenance of public facilities and vehicles, streets and sidewalks, cemeteries and general beautification, and the provision of solid waste and recycling services.

*The Public Works budget for FY17 reflects the allocation of 50% of the Director's time to Utility Fund projects and includes an additional position for groundskeeping. Operating expense increases include marina costs for the Graham Mebane Lake and additional tipping fees due to growth. Capital expenditures planned for FY17 include a storage building for secure storage of salt, sand and other materials and a replacement pickup truck.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Public Facilities	467,304	709,513	587,584	719,771	1.4%
Public Works	2,005,101	2,401,638	2,244,729	2,402,164	0.0%
Sanitation	1,235,670	1,019,326	899,609	1,047,834	2.8%
<b>Totals</b>	<b>3,708,075</b>	<b>4,130,477</b>	<b>3,731,922</b>	<b>4,169,769</b>	<b>1.0%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Personnel	1,364,830	1,674,442	1,502,691	1,676,403	0.1%
Operating	1,795,467	2,219,660	2,031,142	2,310,366	4.1%
Capital	547,778	236,375	198,089	183,000	-22.6%
<b>Totals</b>	<b>3,708,075</b>	<b>4,130,477</b>	<b>3,731,922</b>	<b>4,169,769</b>	<b>1.0%</b>

## Public Facilities

The Public Facilities budget provides for citywide maintenance and upkeep of City property including the Mebane Library, City Hall, cemeteries, and the Veteran's Garden.

*The Public Facilities budget includes five positions for maintenance and beautification of Mebane's facilities, including an additional Groundskeeper position in FY17. The Capital budget included one-time funding for defibrillators, while FY17 includes the continuation of funding for Welcome to Mebane signs, matching funds for mural restoration and improvements to Council chambers.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	467,304	709,513	587,584	719,771	1.4%
Totals	467,304	709,513	587,584	719,771	1.4%

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	234,074	307,143	262,581	347,171	13.0%
Operating	233,230	347,013	308,391	337,600	-2.7%
Capital	-	55,357	16,612	35,000	-36.8%
Totals	467,304	709,513	587,584	719,771	1.4%

## Public Works

The Public Works Department manages and maintains the City's streets, sidewalks, drainage systems and cemeteries, including infrastructure maintenance, landscaping and emergency/inclement weather response.

*The FY17 budget continues to provide for Mebane's dedication to excellent maintenance of the City's infrastructure, including street resurfacing, signage, and marking. Funding sources include Powell Bill funds, FEMA awards and cemetery plot sales. Personnel costs include the 50% allocation of the Director's time to the Utility Fund. Capital funding includes a storage building for salt, sand and other supplies in a secure and weatherproof environment, along with a replacement truck.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	1,347,939	2,046,638	1,852,676	2,011,111	-1.7%
Grants/Intergov	610,412	335,000	374,528	374,528	11.8%
Permits & Fees	46,750	20,000	17,525	16,525	-17.4%
<b>Totals</b>	<b>2,005,101</b>	<b>2,401,638</b>	<b>2,244,729</b>	<b>2,402,164</b>	<b>0.0%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	767,274	885,958	802,117	829,798	-6.3%
Operating	1,119,351	1,334,662	1,261,135	1,424,366	6.7%
Capital	118,476	181,018	181,477	148,000	-18.2%
<b>Totals</b>	<b>2,005,101</b>	<b>2,401,638</b>	<b>2,244,729</b>	<b>2,402,164</b>	<b>0.0%</b>

## Sanitation

The Sanitation division provides for weekly garbage, recycling and yard waste pickup for residents within the City.

*The FY17 Sanitation budget provides for continuation of the same level of service as prior years. With the purchase of two new garbage trucks in FY15, there are no planned capital purchases in FY16 or FY17. The personnel budget provides for COLA and merit raises, but otherwise the FY17 budget is largely unchanged.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	938,142	732,326	655,392	759,834	3.8%
Grants/Intergov	7,313	7,000	4,072	8,000	14.3%
Permits & Fees	290,214	280,000	240,145	280,000	0.0%
<b>Totals</b>	<b>1,235,670</b>	<b>1,019,326</b>	<b>899,609</b>	<b>1,047,834</b>	<b>2.8%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	363,482	481,341	437,993	499,434	3.8%
Operating	442,886	537,985	461,616	548,400	1.9%
Capital	429,302	-	-	-	N/A
<b>Totals</b>	<b>1,235,670</b>	<b>1,019,326</b>	<b>899,609</b>	<b>1,047,834</b>	<b>2.8%</b>

## Economic and Physical Development

Economic and physical development functions include planning, inspections and economic development expenses

*The FY17 budget for economic and physical development includes additional support for the Planning & Inspections Department with the addition of part-time personnel to provide code enforcement and customer service assistance, along with a new vehicle. Economic development incentives anticipated to be due in FY17 for existing agreements total \$561,137, accounting for the reduction in operating expenses from FY16.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Planning & Inspections	576,090	737,079	624,840	781,076	6.0%
Economic Development	127,376	964,311	831,373	561,137	-41.8%
<b>Totals</b>	<b>703,467</b>	<b>1,701,390</b>	<b>1,456,213</b>	<b>1,342,213</b>	<b>-21.1%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Personnel	373,030	513,279	482,627	539,506	5.1%
Operating	301,506	1,188,111	973,586	772,707	-35.0%
Capital	28,930	-	-	30,000	N/A
<b>Totals</b>	<b>703,467</b>	<b>1,701,390</b>	<b>1,456,213</b>	<b>1,342,213</b>	<b>-21.1%</b>

## Planning & Inspections

The Planning and Inspections Department provides long- and short-range planning and review, along with permitting and code enforcement, to provide for the orderly and safe growth of the City.

*The Planning and Inspections budget for FY17 provides for continuation of the City's planning processes begun in FY16 for the Comprehensive Plan, UDO and Transportation Plan. The FY17 budget includes carryover and additional funding for a part-time code enforcement officer and a new part-time permit tech to assist with administrative needs and customer service in this busy department. Operating expenses are reduced with the completion of the renovation project in FY16. Capital funding will provide a fuel efficient vehicle for the new code enforcement position.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	260,549	397,949	282,725	477,576	20.0%
Grants/Intergov	-	-	-	20,000	N/A
Permits & Fees	315,541	339,130	342,115	283,500	-16.4%
<b>Totals</b>	<b>576,090</b>	<b>737,079</b>	<b>624,840</b>	<b>781,076</b>	<b>6.0%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	373,030	513,279	482,627	539,506	5.1%
Operating	174,130	223,800	142,213	211,570	-5.5%
Capital	28,930	-	-	30,000	N/A
<b>Totals</b>	<b>576,090</b>	<b>737,079</b>	<b>624,840</b>	<b>781,076</b>	<b>6.0%</b>

## Economic Development

The Economic Development division provides for the City's efforts to attract desirable new businesses, industries and jobs.

*The FY16 and FY17 budgets reflect the first returns of revenue to the City from recent development activity as Alamance County and the City of Graham share in the cost of those projects advanced by Mebane. The budget for FY17 provides for incentive payments approved by Council that are likely to be due based on anticipated construction values, jobs creation or other factors per agreements with companies like Cambro, GKN, Morinaga and Nypro.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
General Revenues	(1,088,573)	964,311	731,373	406,137	-57.9%
Grants/Intergovernmental	1,215,949	-	100,000	155,000	N/A
<b>Totals</b>	<b>127,376</b>	<b>964,311</b>	<b>831,373</b>	<b>561,137</b>	<b>-41.8%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From 2015-16 Budget
Personnel	-	-	-	-	N/A
Operating	127,376	964,311	831,373	561,137	-41.8%
Capital	-	-	-	-	N/A
<b>Totals</b>	<b>127,376</b>	<b>964,311</b>	<b>831,373</b>	<b>561,137</b>	<b>-41.8%</b>

## Recreation

The Recreation Department provides cultural and recreational opportunities to the residents of the City, including programming and maintenance at athletic parks and two recreation centers, along with Lake Michael.

*The Recreation Department's operating expenses for FY16 included the Hall of Fame Gala, not repeated in FY17. Capital funding, which also drops in FY17 after completion of the MACC renovations in FY15 and purchase of land for a pocket park in FY16, includes replacement lights at the MACC and Holt Street Park improvements, undertaken with funding from an Impact Alamance grant. Also under way is the planning process for the new City Park, with construction slated to begin in FY17. The new park construction will be accounted for in a separate capital project.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
General Revenues	1,236,709	1,695,416	1,631,896	1,146,274	-32.4%
Grants/Intergov	6,150	6,150	6,150	66,150	975.6%
Permits & Fees	75,170	75,000	58,907	75,000	0.0%
<b>Totals</b>	<b>1,318,029</b>	<b>1,776,566</b>	<b>1,696,953</b>	<b>1,287,424</b>	<b>-27.5%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Personnel	600,798	696,962	656,203	707,523	1.5%
Operating	401,446	525,520	481,950	503,901	-4.1%
Capital	315,785	554,084	558,800	76,000	-86.3%
<b>Totals</b>	<b>1,318,029</b>	<b>1,776,566</b>	<b>1,696,953</b>	<b>1,287,424</b>	<b>-27.5%</b>

## UTILITY FUND

### Utility Fund Summary

The Utility Fund accounts for ongoing operation and maintenance of the Water and Sewer Systems of the City.

- The Utility Fund budget for FY17 reflects \$418,683 in administrative cost for staff time spent on management, contract review, capital planning, purchasing and accounting for utility projects and functions, resulting in a 50.9% increase in personnel costs. Without the indirect cost allocation, personnel budgets reflect a 7% increase to allow for a 2% COLA and merit pay, along with a prospective increase in employee and retiree medical insurance.
- Operating budgets reflect cost savings and efficiency measures that have been achieved by the staff through recent technology upgrades and bidding processes.
- Capital budget for FY17 includes the installation of SCADA at the lift stations, installation of a storm surge pump at the WRRF, a replacement vehicle and the 119 Bypass relocation project along with annual capital maintenance costs.
- Debt service requirements are declining as existing debt is paid down, and no new debt is planned for FY17. • The transfer to the new Utility Capital Fund will provide for capital projects that will be undertaken without debt as we maintain and extend the system for new growth.

<u>Function</u>	<u>2014-15 Actual</u>	<u>2015-16 Revised Budget</u>	<u>2015-16 Estimated</u>	<u>2016-17 Recommend</u>	<u>% Change From FY16 Budget</u>
Administration & Billing.....	\$ 246,883	\$ 655,391	\$ 537,905	\$ 989,120	50.9%
Operations & Maintenance.....	1,895,165	3,207,088	2,015,397	3,098,774	(3.4%)
Water Resource Recovery Facility..	1,269,740	1,454,338	1,298,802	1,558,563	7.2%
Non-Departmental.....	1,372,746	2,632,733	2,552,733	1,701,595	(35.4%)
Totals.....	<u>\$4,784,534</u>	<u>\$7,949,550</u>	<u>\$6,404,836</u>	<u>\$ 7,348,052</u>	(7.6%)

<u>Expenditure Type</u>	<u>2014-15 Actual</u>	<u>2015-16 Revised Budget</u>	<u>2015-16 Estimated</u>	<u>2016-17 Recommended</u>	<u>% Change From FY16 Budget</u>
Personnel.....	\$1,038,195	\$1,399,217	\$ 1,193,480	\$ 1,918,603	37.1%
Operating.....	2,212,272	2,706,294	2,359,948	2,626,590	(2.9%)
Capital.....	182,203	1,311,306	318,675	1,201,264	(8.4%)
Debt Service.....	1,021,864	1,310,733	1,310,733	801,595	(38.8%)
Transfers.....	330,000	1,222,000	1,222,000	800,000	(34.5%)
Totals.....	<u>\$4,784,534</u>	<u>\$7,949,550</u>	<u>\$6,404,836</u>	<u>\$ 7,348,052</u>	(7.6%)

## Administration & Billing

The Utility Admin division includes the allocation of administrative costs from the General Fund, billing and collections costs and the parts for new meters and other infrastructure extension.

*The Administration budget includes an allowance for performance increases and a first-time allocation (\$418,683) of administrative costs to the Utility Fund for the administrative staff's time spent on utility-related projects. FY16 operating expenses include the one-time return of half the White Furniture connection fees of \$180,550. Otherwise, operating increases include bank fees for credit cards, ebill and lockbox services, along with \$52,000 for meters for establishing new service and replacing meters that are out of warranty.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Water Revenues	246,883	655,391	537,905	989,120	50.9%
Totals	246,883	655,391	537,905	989,120	50.9%

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Personnel	85,073	208,841	89,655	661,060	216.5%
Operating	161,810	446,550	448,250	328,060	-26.5%
Capital	-	-	-	-	N/A
Totals	246,883	655,391	537,905	989,120	50.9%

## Operations and Maintenance

The Utility operations division monitors all pump stations and provides maintenance for the water system, including installation of new service and coordinating with Finance for cutoffs for nonpayment.

*The Operations and Maintenance budget for FY17 includes an allowance for employee raises and additional overtime for pump station monitoring. The operating budget for FY17 includes a reduction for cost savings on chemicals (\$45,000) due to a successful bid and a new product, netting with an increase in the cost of water due to growth. Capital spending plans include the installation of SCADA for the lift stations, relocation of water & sewer lines for the 119 Bypass project, completion of the Farrar Lane upgrade and general maintenance items.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Water Revenues	1,895,165	3,207,088	2,015,397	3,098,774	-3.4%
<b>Totals</b>	<b>1,895,165</b>	<b>3,207,088</b>	<b>2,015,397</b>	<b>3,098,774</b>	<b>-3.4%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Personnel	378,139	488,488	490,367	524,570	7.4%
Operating	1,361,823	1,459,600	1,257,085	1,500,940	2.8%
Capital	155,203	1,259,000	267,945	1,073,264	-14.8%
<b>Totals</b>	<b>1,895,165</b>	<b>3,207,088</b>	<b>2,015,397</b>	<b>3,098,774</b>	<b>-3.4%</b>

## Water Resources Recovery Facility (WRRF)

The WRRF division monitors and operates the wastewater facility to maintain the city's environmental stewardship.

*The WRRF budget reflects a decrease in operating costs made possible due to operating in SNBR mode, along with the completion of the new laboratory addition, netted against the cost to install SCADA and Utility Cloud to better manage monitoring of the system. Capital items planned include a replacement vehicle and the installation of a backup pump for rain & flood surges.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Water Revenues	1,269,740	1,454,338	1,298,802	1,558,563	7.2%
<b>Totals</b>	<b>1,269,740</b>	<b>1,454,338</b>	<b>1,298,802</b>	<b>1,558,563</b>	<b>7.2%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Personnel	574,982	701,888	613,459	732,973	4.4%
Operating	667,758	700,144	634,613	697,590	-0.4%
Capital	27,000	52,306	50,730	128,000	144.7%
<b>Totals</b>	<b>1,269,740</b>	<b>1,454,338</b>	<b>1,298,802</b>	<b>1,558,563</b>	<b>7.2%</b>

## Utility Non-Departmental

The non-departmental division includes debt service, liability insurance and transfers.

*The Non-Departmental budget for FY17 includes a decline in debt service as we pay down old loans, and the transfer to create the new Utility Capital fund. FY16 included transfers to capital projects for the White Furniture project and plant upgrades.*

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Water Revenues	1,372,746	2,632,733	2,552,733	1,701,595	-35.4%
<b>Totals</b>	<b>1,372,746</b>	<b>2,632,733</b>	<b>2,552,733</b>	<b>1,701,595</b>	<b>-35.4%</b>

	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Personnel	-	-	-	-	N/A
Operating	20,881	100,000	20,000	100,000	0.0%
Capital	-	-	-	-	N/A
Debt Service	1,021,864	1,310,733	1,310,733	801,595	-38.8%
Transfers	330,000	1,222,000	1,222,000	800,000	-34.5%
<b>Totals</b>	<b>1,372,746</b>	<b>2,632,733</b>	<b>2,552,733</b>	<b>1,701,595</b>	<b>-35.4%</b>

## Utility Capital Fund

The Utility Capital Fund is used to account for non-debt-funded capital projects for utility line extensions, capital equipment, capital infrastructure maintenance, and building improvement projects over \$50,000.

*Specific projects for FY17 have not been determined.*

REVENUES	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Transfer In	-	-	-	800,000	N/A
<b>Totals</b>	-	-	-	800,000	N/A

EXPENSES	2014-15 Actual	2015-16 Revised Budget	2015-16 Estimated	2016-17 Recommended	% Change From FY16 Budget
Personnel	-	-	-	-	N/A
Operating	-	-	-	-	N/A
Capital	-	-	-	800,000	N/A
<b>Totals</b>	-	-	-	800,000	N/A

APPENDIX E:  
CAPITAL IMPROVEMENT PLAN 2017-2021

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May 2, 2016

Mayor and City Council  
City of Mebane, North Carolina

Dear Mayor and Council,

I respectfully submit to you the proposed Capital Improvement Plan (CIP) for the City of Mebane for fiscal years 2017 through 2021. The Five-Year CIP is a planning tool designed to aid policy makers in the acquisition and orderly replacement of capital assets. The plan is updated annually to ensure that it is based on the most accurate information available and is reflective of the current and projected economic environment. Adoption of the CIP by the City Council does not constitute a commitment to fund a particular item, but rather signifies an intention to fund capital outlay at the indicated level during the ensuing years.

**OVERVIEW**

The CIP includes improvements in the General Fund and the Utility Fund with a total estimated cost of \$42,360,986 over the next five years. The amounts shown for FY 2017 are included in the Manager's Recommended Budget or Capital Projects will be established during FY 2017. The General Fund improvements over five years are expected to total \$31,417,986 while the Utility Fund's projected costs amount to \$10,943,000. These costs are divided into two major categories – Capital Projects and Annual Capital Outlay. Capital Projects are those projects that require major capital expenditures and take more than one year to complete. In contrast, Annual Capital Outlay requests are made by department heads and include any capital items greater than \$20,000 that will significantly impact their specific budgets.

Capital Projects for FY 2017 include the continuation of the Wastewater Treatment Plant Upgrade established in 2012, implementation of the Recreation Master Plan adopted by Council in 2014, and implementation of the Bicycle and Pedestrian Plan approved in 2015. Debt funding of \$6.5 million is planned in FY 2017 for the new community park recommended in the Recreation Master Plan. Further implementation over the next four years includes a possible recreation center or pool and completion of the Lake Michael Trail, both through debt issuance.

Other debt-funded projects include the Fire Pumper Truck (recommended and included in the FY 2017 budget) and implementation of the bike and pedestrian plan trails over the next few years. The

FY 2017 recommended budget includes funding for trail planning. Annual capital outlay requests by departments that are identified in the CIP total \$15.6 million, with \$9.7 million in the General Fund and \$5.9 million in the Utility Fund.

## GENERAL FUND

In addition to General Fund annual projects, the primary capital need over the next five years is implementation of the Recreation Master Plan. The primary goals identified by the master plan were for a new community park and the development of greenways and trails. Full implementation may be funded with a combination of bonds, grants and capital reserves. The following table provides a detailed listing of the General Fund’s planned annual capital outlays for the next five years.

<u>Project Budget</u>	<u>Total</u>	<u>Fiscal Year Ending June 30</u>				
		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Annual Projects</b>						
Community Park	\$ 6,500,000	\$ 6,500,000	\$ -	\$ -	\$ -	\$ -
Mini Park	-	-	-	-	-	-
Lake Michael Trail	1,000,000	-	-	-	500,000	500,000
Recreation Center/Pool	7,000,000	-	-	-	-	7,000,000
<b>Bike &amp; Pedestrian Plan</b>						
Sidewalk	1,400,000	240,000	260,000	280,000	300,000	320,000
Trails	7,200,000	50,000	700,000	600,000	5,850,000	-
Bicycle	350,000	-	-	-	100,000	250,000
<b>Annual Capital Outlay</b>						
Police	1,188,000	228,000	555,000	135,000	135,000	135,000
Fire	1,833,236	508,236	530,000	125,000	20,000	650,000
Inspections	30,000	30,000	-	-	-	-
IT	80,000	25,000	30,000	-	-	25,000
Public Works	2,995,500	648,000	542,500	630,000	575,000	600,000
Public Facilities	291,750	43,000	185,000	-	30,000	33,750
Sanitation	810,000	-	510,000	-	300,000	-
Recreation	739,500	-	244,500	495,000	-	-
<b>Total</b>	<b>\$ 31,417,986</b>	<b>\$ 8,272,236</b>	<b>\$ 3,557,000</b>	<b>\$ 2,265,000</b>	<b>\$ 7,810,000</b>	<b>\$ 9,513,750</b>
<b>Funding Source</b>						
Cash	\$ 11,277,986	\$ 1,282,236	\$ 3,557,000	\$ 2,265,000	\$ 1,860,000	\$ 2,313,750
Grant Funding	550,000	250,000	-	-	100,000	200,000
Debt Financing*	19,590,000	6,740,000	-	-	5,850,000	7,000,000
<b>Total</b>	<b>\$ 31,417,986</b>	<b>\$ 8,272,236</b>	<b>\$ 3,557,000</b>	<b>\$ 2,265,000</b>	<b>\$ 7,810,000</b>	<b>\$ 9,513,750</b>

\*Includes New Parks, Fire Truck & New Trails

## UTILITY FUND

In addition to annual capital outlays, the Utility Fund’s capital planning includes an upgrade to the wastewater treatment plant. This project, being undertaken in phases, is intended to meet the standards set by the N.C. Environmental Management Commission for the “Jordan Lake Rules” governing discharge in the lake’s drainage basin. Upgrades are intended to ensure our continued

compliance with these standards. In addition, the improvements will expand the permitted capacity of the plant from 2.5 MGD to 2.99 MGD. While the upgrades to the plant over the past two years are achieving desired results, an engineering study currently under way will determine the next steps in this project.

Along with annual allocations for equipment capital maintenance and repairs, annual capital outlay in the Utility Fund includes relocating water and sewer lines for the NC119 Bypass project (\$300,000). These costs are expected to be partially refunded when NCDOT has completed the project in a couple of years. Also included in FY 2017 is the addition of technology and equipment that will allow all the City’s pump stations to be monitored from a central location or even by phone or tablet. This investment will improve maintenance response times and replace routine in-person monitoring.

<u>Project Budget</u>	<u>Total</u>	<u>Fiscal Year Ending June 30</u>				
		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
WWTP Upgrade*	\$ 5,000,000	\$ 600,000	\$ 2,400,000	\$ -	\$ 2,000,000	\$ -
<b>Annual Capital Outlays</b>						
WWTP	103,000	30,000	-	38,000	35,000	-
Water Distribution	2,050,000	350,000	160,000	170,000	180,000	1,190,000
Lift Stations	2,690,000	290,000	570,000	740,000	810,000	280,000
Sewer Mains	1,100,000	300,000	200,000	200,000	200,000	200,000
<b>Total</b>	<b>\$ 10,943,000</b>	<b>\$ 1,570,000</b>	<b>\$ 3,330,000</b>	<b>\$ 1,148,000</b>	<b>\$ 3,225,000</b>	<b>\$ 1,670,000</b>
<b>Funding Source</b>						
Pay As Go	\$ 5,543,000	\$ 1,570,000	\$ 330,000	\$ 748,000	\$ 1,225,000	\$ 1,670,000
DOT Reimb 119 Reloc	400,000			400,000	-	-
Installment Financing	5,000,000	-	5,000,000	-	-	-
<b>Total</b>	<b>\$ 10,943,000</b>	<b>\$ 1,570,000</b>	<b>\$ 5,330,000</b>	<b>\$ 1,148,000</b>	<b>\$ 1,225,000</b>	<b>\$ 1,670,000</b>

\*Already budgeted in Wastewater Treatment Plant Upgrade Capital Project Fund per approved 2012 Plan of Action.

The CIP provides a guide for decision makers and the citizens alike. By fully examining alternatives and funding options during the planning process, the City Council and management are able to make more fully informed decisions and maximize City resources. Adoption of the CIP does not constitute a commitment to appropriate the funds, but rather signifies the Council’s intent to fund capital at the indicated levels during the annual budget process. We believe the CIP as presented is a solid plan and has been prepared in accordance with the guidance and direction provided by the City Council.

Sincerely,

*D. S. Cheek* 

David S. Cheek

City Manager

**CAPITAL OUTLAY REQUESTS BY DEPARTMENT:  
GENERAL FUND SUMMARY FOR FY 2017-21**

Annual Outlays	Total	Fiscal Year Ending June 30				
		2017	2018	2019	2020	2021
<b>Police</b>						
Vehicles-replacements	\$ 713,000	\$ 173,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000
Radios and equipment	420,000	-	420,000	-	-	-
Animal shelter	-	-	-	-	-	-
Radars	30,000	30,000	-	-	-	-
Paving Impound Lot	-	-	-	-	-	-
Mobile computers	25,000	25,000	-	-	-	-
Firing range	-	-	-	-	-	-
<b>Fire</b>						
Vehicles	125,000	-	-	125,000	-	-
Pumper truck	490,000	490,000	-	-	-	-
Tanker with quint	650,000	-	-	-	-	650,000
Mobile classroom	50,000	-	50,000	-	-	-
Exhaust removal system	18,236	18,236	-	-	-	-
Radios and equipment	480,000	-	480,000	-	-	-
Renovations to quarters	20,000	-	-	-	20,000	-
New station	-	-	-	-	-	-
<b>Public Works</b>						
Vehicles	37,000	37,000	-	-	-	-
Storage building	111,000	111,000	-	-	-	-
Resurfacing	2,750,000	500,000	525,000	550,000	575,000	600,000
Mowers	17,500	-	17,500	-	-	-
New driveway/fence 119	80,000	-	-	80,000	-	-
Columbarium	-	-	-	-	-	-
Rock wall at cemetery	60,000	-	60,000	-	-	-
Branding signs & banners	33,000	33,000	-	-	-	-
Christmas decorations	-	-	-	-	-	-
Council chambers	5,000	5,000	-	-	-	-
City Hall roof	125,000	-	125,000	-	-	-
Library HVAC	63,750	-	-	-	30,000	33,750
Mural Rice's Building	5,000	5,000	-	-	-	-
95-gal. yard waste bins	-	-	-	-	-	-
Garbage truck	600,000	-	300,000	-	300,000	-
Leaf truck	210,000	-	210,000	-	-	-
<b>Inspections</b>						
Inspections program	-	-	-	-	-	-
Vehicles	30,000	30,000	-	-	-	-

CAPITAL OUTLAY REQUESTS BY DEPARTMENT:  
GENERAL FUND SUMMARY FOR FY 2017-21 (CONTINUED)

Annual Outlays	Total	Fiscal Year Ending June 30				
		2017	2018	2019	2020	2021
<b>IT</b>						
Servers & related security	\$ 50,000	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
VOIP phone system	30,000	-	30,000	-	-	-
<b>Recreation</b>						
Tennis court resurfacing	-	-	-	-	-	-
Parking lot paving	46,000	-	46,000	-	-	-
Vehicles	23,500	-	23,500	-	-	-
Lake Michael dam repair	350,000	-	175,000	175,000	-	-
Walker Field Improvements	320,000	-	-	320,000	-	-
<b>Recreation Master Plan</b>						
Central Park	6,500,000	6,500,000				
Greenway Plan/Design	-	-	-	-	-	-
Lake Michael trails	1,000,000	-	-	-	500,000	500,000
Recreation Center/Pool	7,000,000	-	-	-	-	7,000,000
Turner Road Park	-	-	-	-	-	-
<b>Total</b>	<b>\$22,467,986</b>	<b>\$7,982,236</b>	<b>\$2,597,000</b>	<b>\$1,385,000</b>	<b>\$1,560,000</b>	<b>\$8,943,750</b>

**CAPITAL OUTLAY REQUESTS BY DEPARTMENT:  
UTILITY FUND SUMMARY FOR FY 2017-21**

Capital Outlays	Total	Fiscal Year Ending June 30				
		2017	2018	2019	2020	2021
<b>Water Resources Recovery</b>						
Plant Upgrade*	\$ 5,000,000	\$ 600,000	\$ 2,400,000	\$ -	\$ 2,000,000	\$ -
Vehicles	103,000	30,000		38,000	35,000	-
<b>Water Distribution</b>						
Annual maintenance	850,000	150,000	160,000	170,000	180,000	190,000
119 Bypass Project	200,000	200,000	-	-	-	-
Second water tank	1,000,000	-	-	-	-	1,000,000
<b>Sewer Lift Stations</b>						
Anue System	40,000	40,000	-	-	-	-
Annual maintenance	1,200,000	200,000	220,000	240,000	260,000	280,000
Farrar Lane upgrade	400,000	50,000	350,000	-	-	-
Arbor Creek upgrade	750,000	-	-	200,000	550,000	-
Terrell Street upgrade	300,000	-	-	300,000	-	-
<b>Sewer Mains</b>						
Annual maintenance	1,000,000	200,000	200,000	200,000	200,000	200,000
119 Bypass Relocation	100,000	100,000				
SCADA at Lift Stations	133,264	133,264				
<b>Total</b>	<b>\$ 11,076,264</b>	<b>\$ 1,703,264</b>	<b>\$ 3,330,000</b>	<b>\$ 1,148,000</b>	<b>\$ 3,225,000</b>	<b>\$ 1,670,000</b>

\*Already budgeted in Wastewater Treatment Plant Upgrade Capital Project Fund as per approved 2012 Plan of Action.



The End

