

PROPOSED BUDGET
TOWN OF BOWLING GREEN
Fiscal Year 2017

Presented to Town Council by the Town Manager
Stephen H. Manster

Town Manager's Proposed FY 2017 Budget

Town of Bowling Green

To the Honorable Mayor and Members of Town Council:

It is my pleasure to present to you this proposed budget for the coming Fiscal Year, FY 2017. This presentation includes both a proposed operating budget for all Town Departments and functions, along with a proposed Capital Budget for the coming fiscal year. This presentation will enable the members of Town Council and the citizens of Bowling Green to see the changes that are occurring within budget line items and categories for each town Department and will also give some definition and explanation to some of the issues that are facing the Town. The proposed budget presents a revenue and expenditure plan for the period from July 1, 2016 through June 30, 2017.

The proposed budget hereby presented had been created in order to provide insight into some of the changes in economic and other conditions occurring in and around the Town. By reviewing trends in revenues and expenditures, the reader begins to get a picture of the needs and priorities of our community and the priorities established by Town Council.

The proposed budget totals \$1,680,698. This represents an 8.0% increase in the total budgeted amount for the Town, which in the current fiscal year is \$1,555,960. Of course, the main reason for the increase is the increased revenue realized from water and sewer revenues. Other revenues have also increased, but the utility system has generated to greatest increase. This total budget does not include any large amounts allocated for capital expenditures, a topic that will be discussed later in this presentation.

As has been the case for a number of years, the Meals Tax remains the largest single revenue source for the Town. In fact, the Meals Tax is projected to increase slightly in the coming fiscal year. This is due to the advent of new restaurants in Bowling Green and the increase in activity at Fort A. P. Hill, generating increased demand for prepared meals. The revenue from this source is projected to increase to \$142,000 in the coming fiscal year.

The next largest source of revenue for the Town is the Real Estate Tax. The amount of revenue will hold steady because of Council's policy not to raise taxes, especially the Real Estate and Personal Property Tax in Town. Another \$130,000 in revenue is expected from this source. Following previous patterns, the Bank Stock Tax will increase to an estimated \$113,500 in the coming fiscal year. The Town appreciates the benefit that having Union Bank and Trust as a corporate citizen has for our residents and our economic stability.

The next largest source of revenue for the Town is the revenue generated from fees for the collection of refuse. This is one of the few areas where an increase in rates for some is being proposed by the Town Manager. At the present time, because of changed methods of collecting commercial trash, and the fact

that the commercial trash rate structure has not been modified to coincide with the changed manner of collection, a restructuring of commercial trash rates is being proposed by the Town Manager. To be clear, there is no change in the residential rate structure that is being proposed.

Commercial trash collection, something for which the Town contracts, is intended to provide for only the collection and pick-up of light commercial refuse. For some commercial uses, the toters have been abandoned and various size dumpsters are now used. Currently, businesses using dumpsters are still charged the same as those using toters. Because of this, it has been the case that for the past several years, the overall General Fund has been providing a subsidy for commercial users of Town contracted trash service. This proposal includes charging the commercial users of dumpsters the same price that Waste Management charges the Town. It is felt that this amount will still be less than a market rate for such service. Of course, commercial users are permitted to "opt-out" of trash collection if they desire and are able to obtain better pricing than by going through the Town for such service. The proposed new rate for commercial dumpster service is \$12.00 per cubic yard per pick-up. This will enable the Town to break-even on the provision of such service.

Other General Fund revenue sources are projected to remain fairly constant over the next fiscal year. By far, the largest increase in revenue that is projected and recommended for the next fiscal year is proposed in the Water and Sewer Fund.

The proposed budget includes a 5% increase in water and sewer rates in the coming fiscal year. However, this increase is not proposed to be used as part of the Town's operating cost, but rather to be placed in an account only to be used for Debt Service. The Town will soon enter into contracts to provide new water and sewer infrastructure. These improvements are badly needed as our aging water and sewer lines continue to deteriorate. The main concerns are the South Main Street sewer system, for which a Preliminary Engineering Report is being finalized. Recall that this area of sewer line had a collapse and about 800 feet of sewer line on South Main Street had to be replaced within the past eighteen months. Replacement of the remainder of this system is estimated to cost over two million dollars. In addition, in order to maintain a reliable safe supply of drinking water, as the Town grows, we will have to look at treating our water supply. We also know that we still have several very old water lines that have had to be patched a number of times and should be replaced. Because the Town cannot pay for all of these improvements "out of pocket", borrowing will have to occur. The 5% increase is projected to generate about \$30,000 in increased revenue and this will be allocated to Debt Service as opposed to operating expenses.

For the basic minimum utility bill, this increase would mean an increase of \$4.94 for each residential unit in Bowling Green for every two-month billing period, or \$2.47 per month increase. For residential units outside of Town, the increase on a minimum utility bill would be \$6.76 per two-month bill, or \$3.38 per month. For Commercial uses in Bowling Green, the increase on a minimum bill would be \$5.22 per two-month billing period, or \$2.61 per month.

<u>Expenditure Categories Summary</u>	<u>Current Budget</u>	<u>Proposed Budget</u>
Administration	\$242,670	\$201,128

The major reduction in this category is brought about by removing the Town Clerk's salary and benefits from this category and placing it in the Treasurer's Category. This is brought about by a change in the organization of the administration of the Town. This proposal implements the combining of the responsibilities of the Town Clerk and Town Treasurer in one position. The position of Account Clerk/Receptionist will be created to assist the Clerk/Treasurer in accomplishing the duties of the combined position. Increases will be provided for the Town Attorney and the Events Coordinator. Several line items have been reduced to more appropriately reflect current expenditure rates. In addition, there has been a reduction in the medical insurance premium for Town employees and this is reflected in all budget line items related to Health Plan expenditures for employees.

Treasurer	\$118,880	\$165,880
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The largest increase in this expense category comes as the result of combining the Clerk and Treasurer's positions and the creation of the Account Clerk/Receptionist position and placing both in this category. Other line items remain fairly stable in this category.

Bowling Green Arts Commission	\$ 10,000	\$ 10,000
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There are no changes proposed in this category. The allocation for the Arts Commission comes from a \$5,000 grant provided by the Commonwealth of Virginia and an equal amount of matching funds from the Town. The Arts Commission uses these funds to provide a program of activities and events in Town that support and encourages the expansion and appreciation of the arts in Bowling Green.

Police Department	\$ 98,250	\$ 98,600
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Although there are fluctuations in several of the line items within the Police Department budget, the overall budgeted amount remains mainly unchanged. A slight increase is proposed for equipment used by the Police as we assemble funds for the purchase of a new radar speed sign to help in trying to slow traffic down on many of our Town streets. The number of six hour shifts worked by our officers is not proposed to change but to remain at twelve such shifts.

Donations	\$ 10,000	\$ 10,000
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Funds in this category comprise the annual \$1,000 donation made by the Town to the Bowling Green Volunteer Fire Department and the Bowling Green Volunteer Rescue Squad. Also within this category are the funds provided to the Fire Department from the Commonwealth of Virginia.

Streets and Sidewalks	\$ 25,500	\$ 31,000
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The only change proposed within this budget category is the allocation of funds for street sweeping by a contractor to be selected. Funds in this category also provide for our street lights.

Refuse Collection	\$ 92,800	\$ 90,400
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Now that we are in the first year of our new contract with Waste management, we are able to reduce the budgeted amount for contracted services. The proposal also has increased the amount allocated for leaf collection as a new piece of equipment needs to be purchased for our vacuum operation. This piece is a container for the vacuumed leaves.

Debt Payment	\$248,000	\$280,000
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Approximately \$250,000 of this amount is allocated for the debt service on the loan for the Route 301 water and sewer project. The additional \$30,000 amount is the revenue obtained from the proposed 5% increase in water and sewer rates, all of which will go into this debt service line item to pay the debt service for anticipated debt incurred for utility line replacement and possible water treatment improvements.

Town Hall Expenses	\$ 35,500	\$ 35,000
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Small adjustments occur within line items in this category. Increased funds are allocated to replace mulch and sand at the playground in Haygood Park.

Activity Program	\$ 7,500	\$ 7,500
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There are no changes proposed in this expense category.

Economic Development and Tourism	\$ 22,550	\$ 20,000
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A slight reduction is proposed in this category due to increased participation of "sponsors" in various events and activities organized by the Town.

EDA Contribution from Town	\$ 7,500	\$ 5,000
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Allocation to assist the Bowling Green EDA in accomplishing its tasks. Unspent funds for the EDA are "carried over" each year, so additional resources are already available to the EDA.

Capital Budget	\$ 10,000	\$ 10,000
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This is an extremely small amount for a capital budget. However, funds are being assembled for larger projects that can be funded when sufficient funds are available. The Capital Budget will increase when estimates are fully developed for the major projects that have been presented earlier in this report. These are projects such as the South Main Street Sewer Line Replacement project and the possible water treatment project that may become necessary for the Town to provide.

Harvest Festival Expenses	\$ 27,500	\$ 23,790
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The proposed budget figures better reflect the actual expenditures on the Harvest Festival and anticipated adjustments in the coming fiscal year.

Public Works	\$389,710	\$396,290
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The greatest change comes in the area of personnel, which includes salary and fringe benefits. The proposed budget provides funds for two Utility Workers, two public Works employees, a contracted licensed operator and a part-time licensed operator. Fringe Benefits have also been adjusted to provide employees with required benefits. A portion of the Town Manager's salary is also allocated to the Public Works budget to adequately reflect allocation of time to this activity. Other minor changes occur throughout the line items within this category.

Water Operations	\$ 88,600	\$115,600
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Major increases are proposed in amounts allocated for testing, and repair and maintenance of the elements of our water system. As can be seen, many of the repair line items are already "over budget" for the current fiscal year. This is due to the number of repairs that have been required. Additional repairs and maintenance work must be anticipated as we prepare the budget for the next fiscal year.

Sewer Operations	\$ 97,000	\$144,500
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Again, major increases are proposed in the maintenance and repair categories. This is for repair of lines, lift stations and maintenance at the treatment plant. Significant expenditures have occurred in the current fiscal year and we must anticipate the same in the coming fiscal year.

Water and Sewer Availability Fee Trans.	\$ 24,000	\$ 36,000
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This budget category represents the automatic transfer of any and all availability fees received which are placed directly into an established account (our "lock box"). These funds are set aside for major expenditures on the water and sewer systems. Although the balance in this account is over \$250,000, it does not approach the amount of funds needed to address the needs of our water and sewer systems. Borrowing will be necessary to accomplish necessary improvements.

The following table presents a summary of all revenues and expenditures expected for the Town of Bowling Green in the coming fiscal year:

SUMMARY

REVENUES		EXPENDITURES	
General Fund	\$908,958	General Fund	\$954,508
Harvest Festival	\$ 27,000	Harvest Festival	\$ 23,790
Water and Sewer (incl. Capital)	\$744,740	Water and Sewer	\$702,400
Total	\$1,680,698		\$1,680,698