



# Proposed FY 23-24 Budget May 9, 2023



# THE FY 23-24 BUDGET PROCESS



## STAFF DEVELOPMENT

- Evaluate needs, citizen requests, & estimated costs
- Prepare operating & capital requests



## MANAGEMENT REVIEW

- Forecast revenues
- Review department requests
- Management team retreat: refine cost estimates, discuss alternatives, & prioritize needs



## COUNCIL REVIEW

- Review manager's recommended budget
- Council budget retreat: consider alternatives and confirm priorities



## PUBLIC INPUT & ADOPTION

- Public Hearings: May 9 & June 13
- Council Adoption: June 13
- Fiscal Year Begins: July 1, 2023



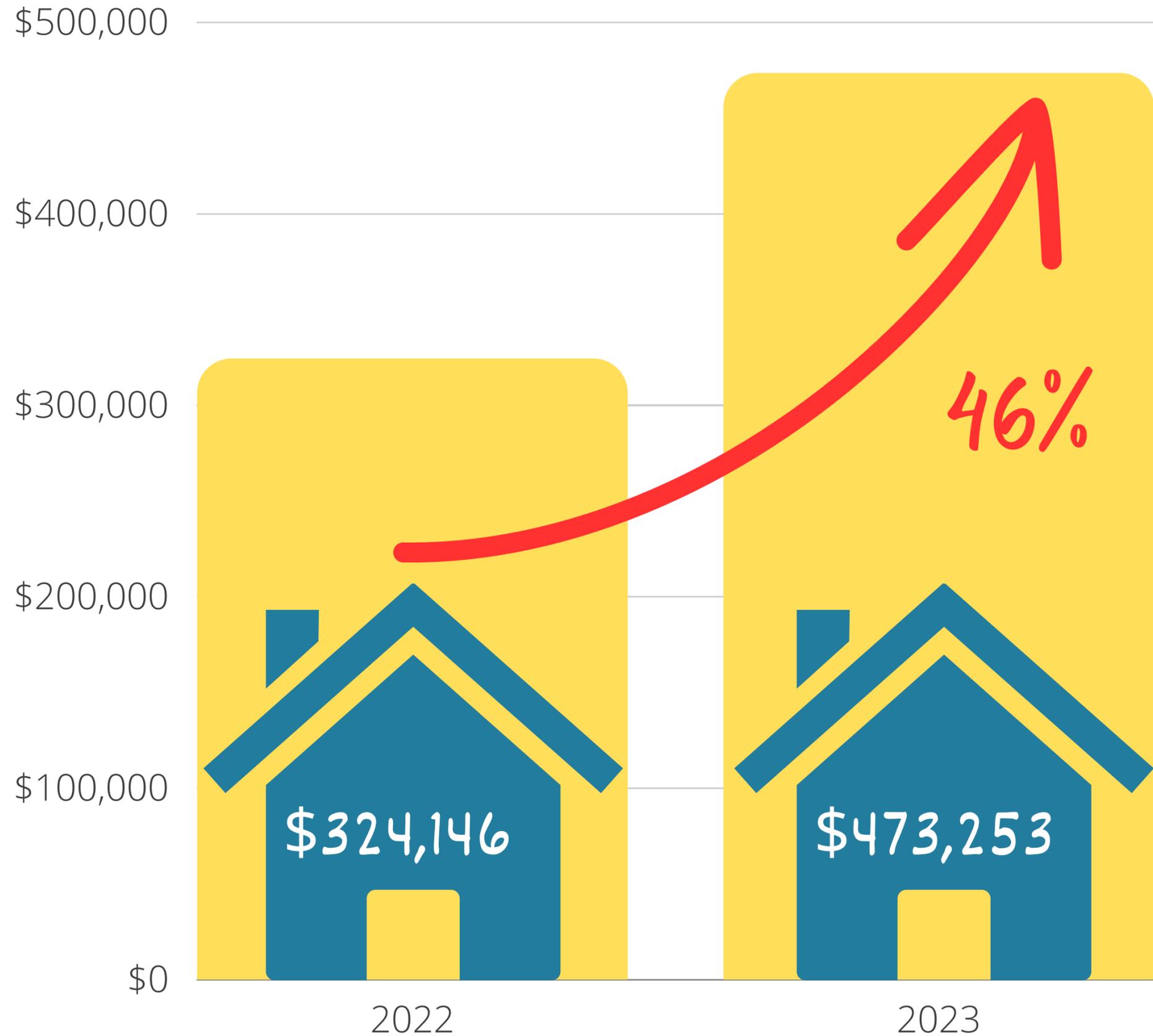
# A LOOK AT RE-VALUATION IN SOUTHERN PINES



In 2022, the average house value in Southern Pines was \$324,146.



Our tax base increased 46% from the 2023 re-valuations. Applying this 46% factor, that same home would be valued at \$473,253 in 2023.



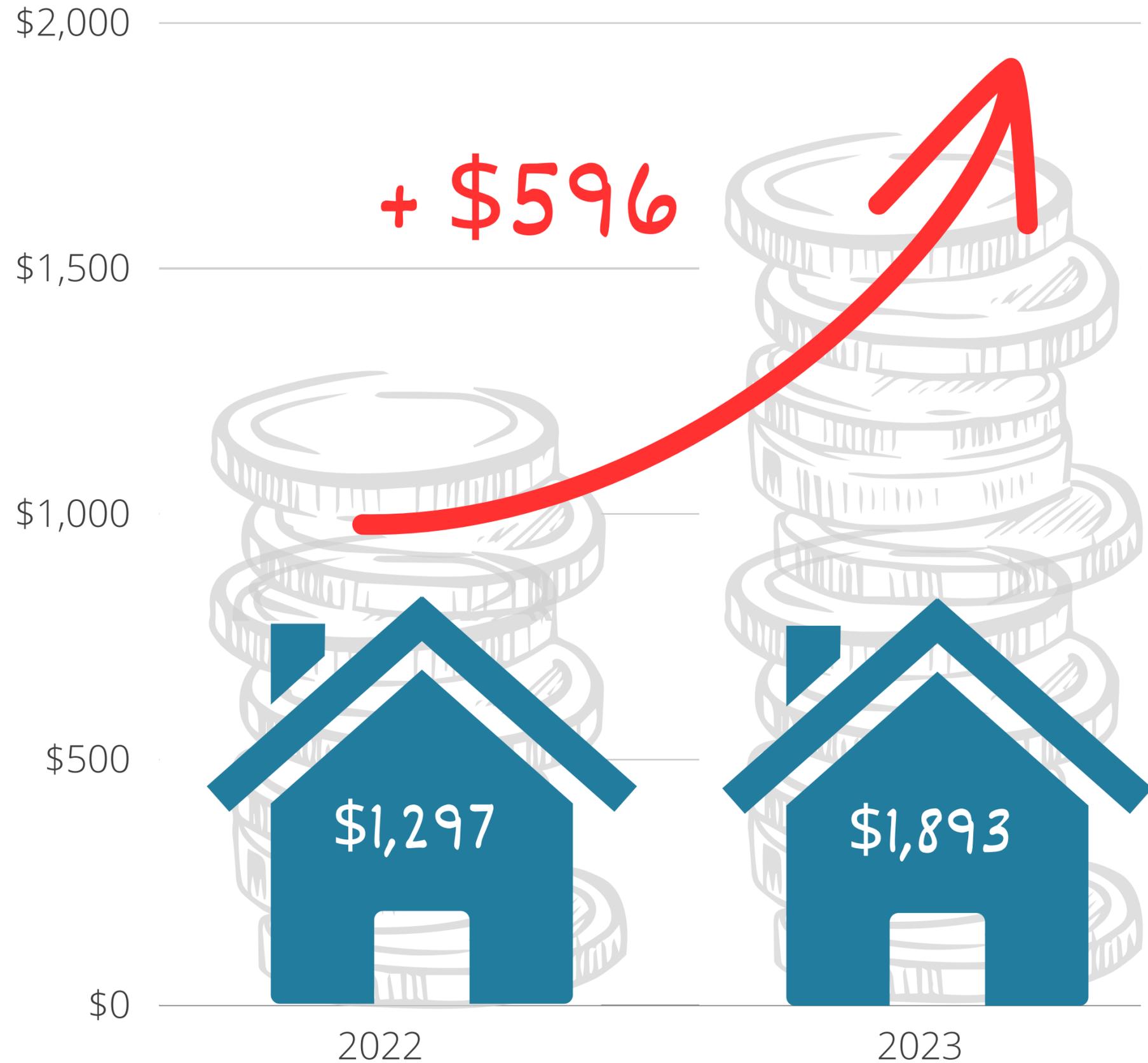
# RE-VALUATION & PROPERTY TAXES



In 2022, that average home paid \$1,297 in TOSP property taxes at a \$0.40 rate.

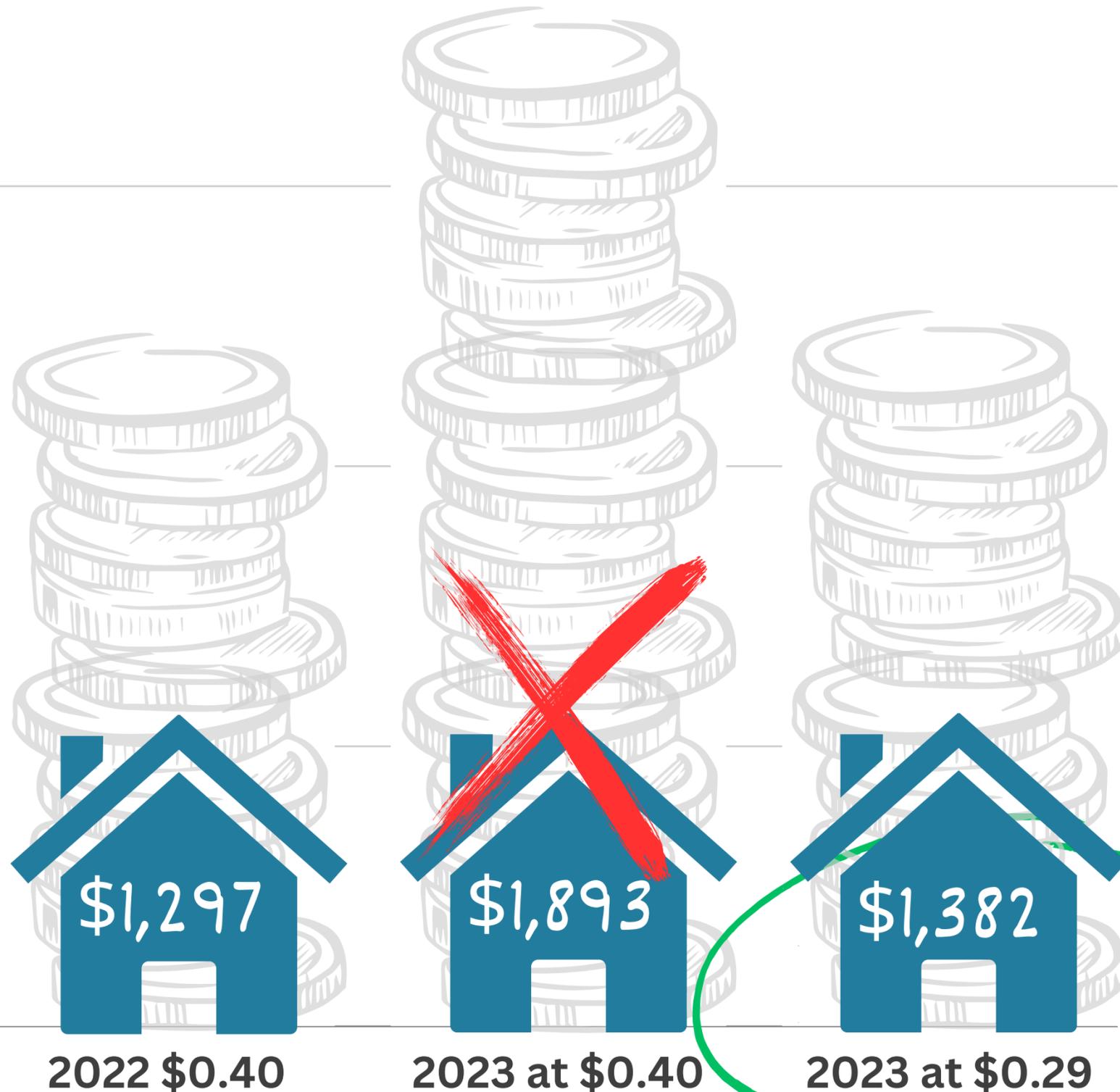


Without a change to the tax rate, that same house would pay \$1,893 in 2023 property taxes because of re-valuation.



# REVENUE NEUTRAL TAX RATE: \$0.29

\$2,000  
\$1,500  
\$1,000  
\$500  
\$0



A "revenue neutral" tax rate keeps the Town's property tax revenues level (plus a growth factor), even with the higher tax base.



"Revenue neutral" refers to the total amount of taxes paid by all property owners. It does not mean there is "no change" on an individual's property tax bill in the coming year.

# ESTIMATED TOSP PROPERTY TAX BILL AT \$0.29 VERSUS CURRENT \$0.40 RATE



savings with reduced tax rate

\$165

\$275

\$385

\$495

# LOOKING BACK ON 2022-2023, SOUTHERN PINES...



**Accountable,  
Transparent,  
& Financially  
Strong**



**Maintained &  
Improved Our  
Community  
Assets**



**Enhanced  
Quality of Life**



**Protected Our  
Citizens,  
Businesses,  
and Visitors**

# ACCOUNTABLE, TRANSPARENT & FINANCIALLY STRONG...

- Moved all Town Council meetings to Tuesdays
- Ended curbside glass recycling for cost savings
- Reviewed solid waste services and made changes for FY 23-24
- Amended the charter to remove primary elections
- **Engaged with the community to develop the Whitehall Master Plan**
- **Partnered with citizens on the Comprehensive Long Range Plan updates**
- Revamped the newsletter mailed with utility bills
- Added new resources to the website: ARPA spending, Town project overviews, community notifications
- Launched TOSP Facebook page - over 1,400 current followers
- Reached record levels of community engagement on social media during December power outage
- Launched CivicPay online bill pay & management
- **Received 99.84% of property taxes owed - thank you taxpayers!**
- Decreased debt by over \$1.4M

*31 Years of Excellence in Financial Reporting*





## MAINTAINED & IMPROVED OUR COMMUNITY ASSETS...

- **Renovated E.S. Douglass Center - restrooms and painting**
- **Installed new pool deck to address safety & maintenance concerns**
- **Awarded \$75k grant from National Park Service to protect West Southern Pines historic assets**
- Modified the Library public restroom doors for ADA-accessibility
- Replaced the Library's original circulation desk for modern technology & better space needs
- Replaced playground at Elizabeth Rounds Park
- Completed Campbell House Park grounds project removing hazardous trees, safeguarding specimen trees, and replacing/removing damaged fencing
- Replaced hazardous street trees on W. New Hampshire Ave. & in the municipal parking lot
- Removed hazardous trees on Reservoir dam - state mandate
- Began McDeeds Creek streambank rehabilitation project
- Started water line replacement on W. Penn Ave. & Pee Dee Rd.
- Partnered with NCDOT to upsize the water main line for the US-1 reconstruction

*15 parks. 82 road miles.*

*247 water line miles. 151 miles of gravity sewer main.*

# ENHANCED QUALITY OF LIFE...

- **SPPL served over 75k patrons in the library, an increase of almost 30%**
- Almost 10k people attended over 220 library programs
- SPPL gave 3 free books each to 650 SPES students
- Expanded free library cards & access to Town businesses
- Ended library late fees
- **Opened Whitehall house for expanded library & recreation programs**
- **Added 45 new recreation programs across all age groups**
- Community grand re-opening party for Elizabeth Rounds playground
- Renovated disc golf course - partnered with local sponsors & Moore County Disc Golf Club
- 1st annual Woofstock. Raised \$1900 for Martin Dog Park improvements
- **SPPL community partnerships with Moore Extension Service, NCWorks, Caring Hearts for Canines, Friend to Friend, Pillars of Hope, and others**
- **Partnered with CVB on Year of the Trail activities**
- Working with YMCA for a Southern Pines facility

12 months. 365 days.

Over 15k citizens + 20 square miles.



# PROTECTED OUR COMMUNITY...



- **NC State Fire Marshal Class 2 Insurance Rating**
- SPFD saved 80% or \$4.6M of structures from fire loss
- SPFD installed 214 smoke alarms and changed 201 batteries
- 140 SPFD community education events - over 10k adults and 3k kids
- 82 SPPD Community Policing events - SPES bike-to-school, SCC alcohol awareness, human trafficking, juvenile gang prevention, and others
- SPPD & Moore Co. School Police joint active shooter training exercise
- **Led security operations for 2022 U.S. Women's Open at Pine Needles**
- School speed zone on Carlisle St. at Southern Pines ES
- December power outage - protected critical facilities, provided community resources, and staffed the Emergency Operations Center
- **Staffed 21 safe community events...parades to First Fridays to protests**
- Added more sidewalks on Bennett St. - downtown to Morganton Rd.
- Completed all water quality & wastewater monitoring - no violations
- NC Water Resources found no violations in inspection of sewer lift stations: record keeping is "incredibly orderly and well maintained."
- Opened warming/charging shelters & delivered community resources during power outage
- Grinch #shoplocal campaign following power outage

*All in a year's work.*

# FY 23-24 BIG PICTURE



**ALL EXISTING  
SERVICES &  
STAFF ARE  
MAINTAINED**



**ALL DEBT  
SERVICE IS  
FUNDED**



**FUNDS  
PLANNED  
CAPITAL  
PROJECTS**



**FUNDS NEW  
PROGRAMS  
&  
POSITIONS**



**25%  
RESERVED  
FOR FUND  
BALANCE**

# Current Economic Realities... Not Much Has Changed Since Last Year

## TAX BASE IS STRONG

The property tax base grew over 46% due to re-valuation. Sales taxes expected to remain strong.

## RISING EXPENSES

Our expenditures are higher due to inflation and volatile fuel & energy prices.

## CAPITAL PROJECT DELAYS

Cost overruns, materials delays, and a limited contractor market.

## CHALLENGING LABOR MARKET

The market is short of qualified workers, which requires increased pay and benefits.





**Continue high quality services at a reduced tax rate**

**5% pay adjustment for all employees**

**Increase in starting pay & internal equity adjustments for Police**

**Competitive employer of choice**

**ALL EXISTING SERVICES & STAFF ARE MAINTAINED**





# Southern Pines

NORTH CAROLINA

**Fire Station #2**

**\$418k**

**Whitehall Acquisition**

**\$304k**

**Police Station**

**\$221k**

**Fire Truck**

**\$137k**

**Community Development Building**

**\$69k**



**ALL DEBT  
SERVICE  
PAYMENTS  
ARE FUNDED**





**Annual Street Resurfacing**  
**\$1.2M**

**4 police vehicle replacements**  
**\$240k**

**Sidewalk projects transfer**  
**\$200k**

**Reservoir Park Dam transfer**  
**\$100k**



**FUNDS  
PLANNED  
CAPITAL  
PROJECTS**





**Yard Debris: 7 new employees + 3 trucks**

**\$1M**

**6 additional firefighters - SAFER grant**

**\$351k**

**Whitehall design & land management**

**\$260k**

**Playground renovations**

**\$294k**

**Skate Park cost-sharing**

**\$50k**

**1 additional Engineering Tech: \$66k**

**New Communications position: \$55k**

**New PT Accounting position: \$25k**

**2 new PT Parks & Rec positions: \$23k**





**25%**

**OF EXPENDITURES WILL STAY IN  
"FUND BALANCE," LIKE A  
SAVINGS ACCOUNT**

**THAT EQUALS**

**\$6,678,970**

**WHICH IS ALSO THE SAME AS**

**3 MONTHS  
OF SAVINGS**



**25% IS  
RESERVED  
FOR FUND  
BALANCE**





**Proposed Budget  
FY 23-24**

**Available Fund Balance: July 1, 2023**

**\$15,673,487**

**Increases from Revenues & Reserves**

**\$22,886,475**

**Less Expenditures**

**(\$26,715,882)**

**Less Capital Project Transfers**

**(\$2,062,059)**

**Ending Available Fund Balance**

**\$9,782,021**

**Less 3 months expenditures**

**(\$6,678,970)**

**Less (ARPA) Balance**

**(\$2,611,937)**

**Available Fund Balance: June 30, 2024**

**\$491,114**

# THE ROLE OF (ARPA) FUNDS



Memorial  
Field B  
Lights  
\$160k

Campbell  
House  
Fencing  
\$30k

Pool  
Deck  
\$134,460

Yard  
Debris  
Trucks  
\$685,813

Pickleball  
Court  
Conversion  
\$40k

Whitehall  
Phase 1  
\$260k

**Like our residents & businesses,**



**the Town is also facing steeply rising costs  
and many are beyond our control.**

# These 6 expenditures are 1/3 of our budget,



Employee Pension Contributions  
\$1.66M

Employee Group Insurance  
\$1.64M

General Supplies  
\$1.45M

Utilities  
\$1.33M

Auto Operating & Repairs  
\$611k

Property & General Insurance  
\$567k

but we have limited influence over this \$7.25M.

# COST INCREASES OVER 3 YEARS

## Utilities: 11%

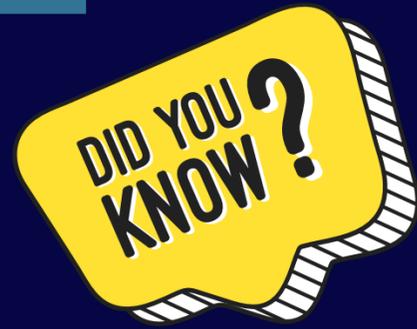
Utility bills will total over \$1.3M this year in the Town's buildings & facilities.

## Auto Operating & Repairs: 41%

Expenses for fuel and parts for repairs have increased over \$176k.

## Pension Contributions: 72%

This line item has grown 72% in the last 3 years, 23% just since last year.



## Property Insurance

Utilities

Supplies

Auto

Pension

0%

25%

50%

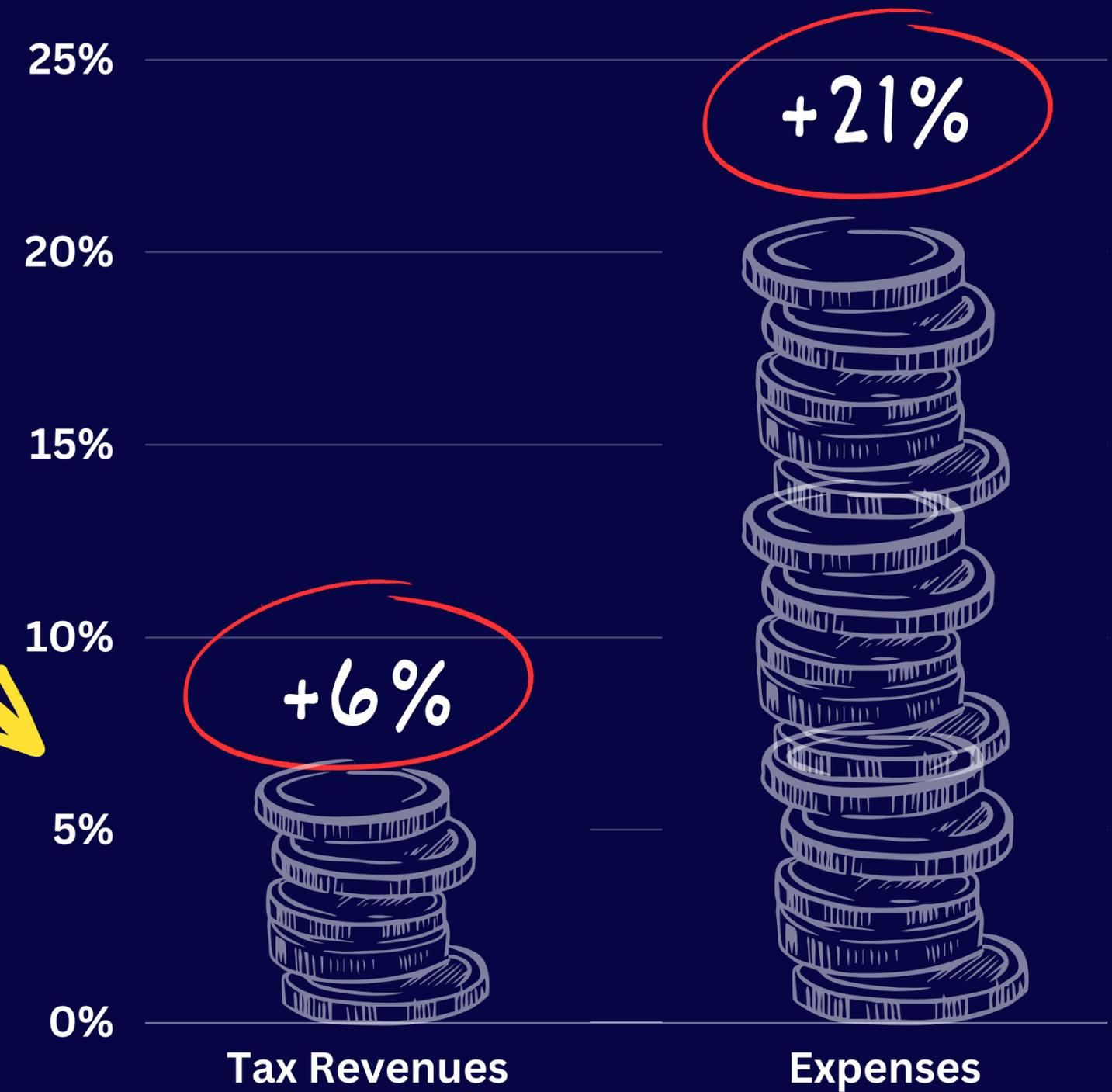
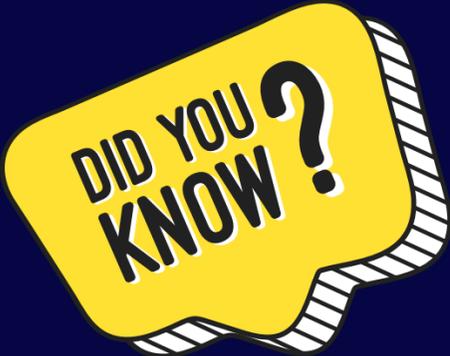
75%

The State Legislature sets the rate that each local government must pay toward employee pensions.

Costs for those 6 categories of expenses have grown 21% or \$1.25M

Tax revenues are not growing at the same rate and have only increased 6% or \$966k.

- TAX REVENUES**
- Real & Personal Property
- Sales Taxes
- Short Term Rental Properties
- ABC and Beer & Wine Taxes
- Video Programming



These taxes will make up 81% of the Town's total revenues in FY 23-24.

**27%  
INCREASE  
IN  
2 YEARS**

**SPFD Firefighter**

SCBA.....	\$9,694
Shift Radio.....	\$6,478
Turnout Gear.....	\$4,784
Uniform.....	\$593
Pager.....	\$501
<b>TOTAL.....</b>	<b>\$22,050</b>

*x 55 Firefighters*



# WHAT WE'RE DOING THIS YEAR TO "MANAGE EXPENSES"



## EMPLOYEE COSTS

- Negotiated a change in health insurance carriers - 12% savings per employee
- Obtained a SAFER grant to pay for 6 additional firefighters for 3 years
- Eliminated 1 position by combining Police/IT position
- Efforts to improve retention and decrease costs from employee turnover
- Delayed new hires to 2nd quarter



## FACILITIES & INFRASTRUCTURE

- \$5M grant for various sewer system projects
- \$1.3M in (ARPA) funds toward this year's capital needs in lieu of using general fund
- \$1.2M to focus on street "resurfacing" instead of "rehabilitation"
- Retrofitting 9 buildings with LED lighting for future energy savings
- Allocating \$204,500 to proactive facility maintenance
- Whitehall Phase 1 construction drawings to assist with potential grant funding
- Partnered with Skaters for Moore for cost-sharing for a new skate park
- New HVAC preventive maintenance program



# WHAT CAN RESIDENTS EXPECT?



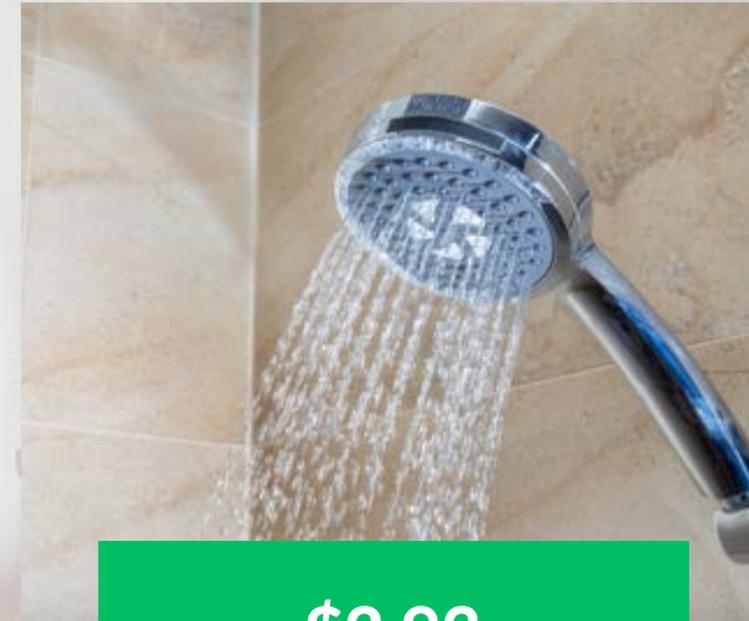
**PROPERTY TAX  
RATE DROPS BY  
11 CENTS**

**AVERAGE TOSP  
TAX BILL  
INCREASE OF  
\$15.84**



**WASTE FEE  
INCREASE OF  
\$0.25 TO \$17.00**

**CURBSIDE  
COLLECTION  
STARTS  
JULY 1**

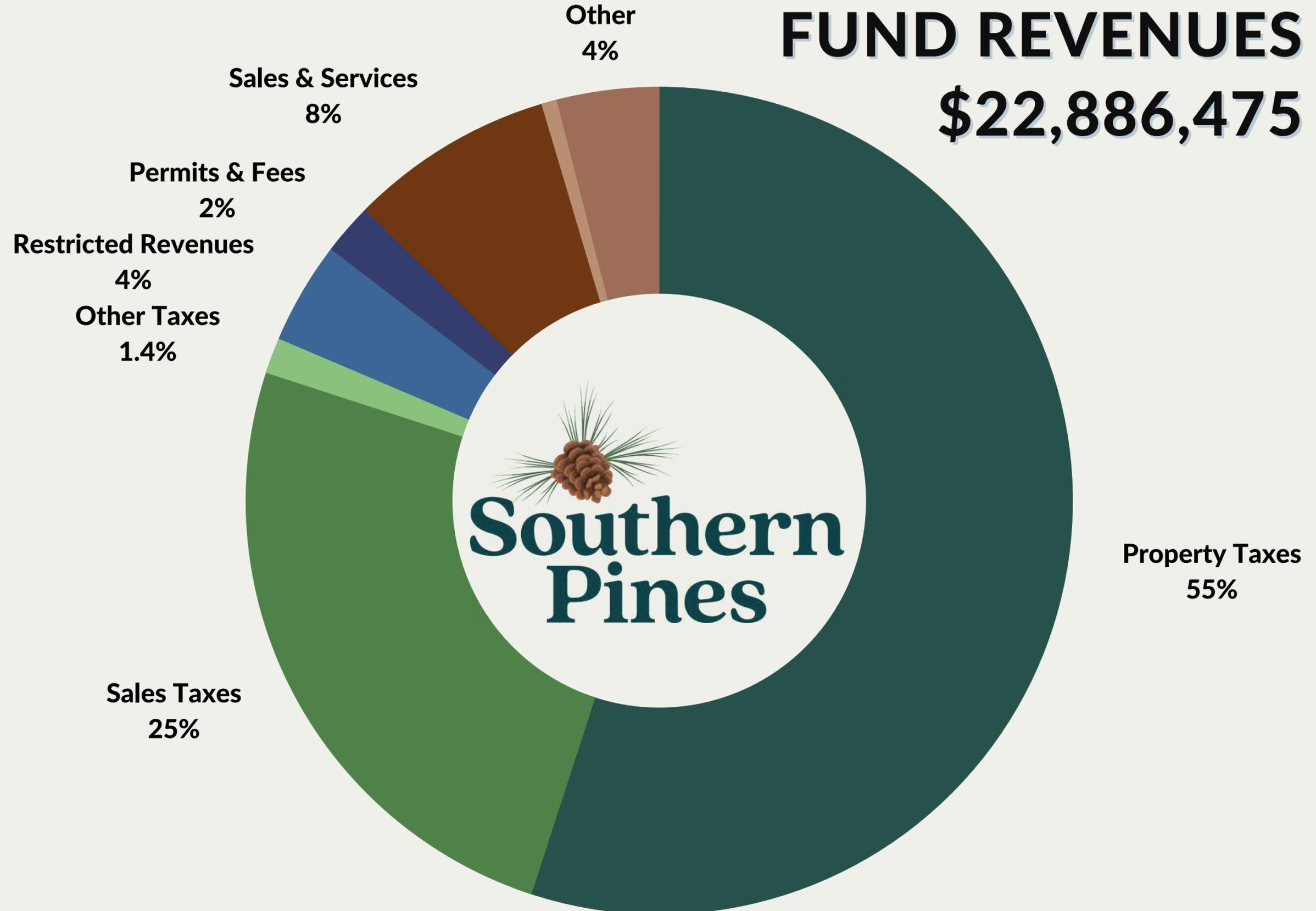


**\$2.93  
INCREASE/MO  
FOR AVERAGE  
WATER &  
SEWER  
CUSTOMER  
USING 5,000  
GALLONS**



# FY 23-24 GENERAL FUND REVENUES

**\$22,886,475**



**Property Taxes**  
**\$12.47M**

**Sales Taxes**  
**\$5.71M**

**Sales & Services**  
**\$1.79M**

**Other**  
**\$957k**

**Restricted Revenues**  
**\$919k**

**Permits & Fees**  
**\$566k**

**Other Taxes**  
**\$318k**

**Investment Earnings**  
**\$150k**

# Where Each \$1.00 Goes

**\$0.39 = Public Safety**

**\$0.38 = General Government**

**\$0.11 = Culture & Recreation**

**\$0.06 = Transportation**

**\$0.06 = Economic & Physical  
Development**





**PROPERTY TAX RECEIPT**

**Average Taxpayer's Bill = \$1,312.41**

<b>Public Safety.....</b>	<b>\$511.84</b>
<b>General Government.....</b>	<b>\$498.72</b>
<b>Cultural &amp; Recreation.....</b>	<b>\$144.37</b>
<b>Transportation.....</b>	<b>\$78.77</b>
<b>Economic &amp; Physical Development...\$78.77</b>	
 <b>TOTAL FOR 2023.....</b>	 <b>\$1,312.41</b>



**Public Safety**

Police, Fire



**General Government**

Legislation, Administration, IT, Finance, Public Works, Sanitation, Fleet Maintenance, Buildings & Grounds



**Cultural & Recreation**

Library, Recreation



**Transportation**

Streets



**Economic & Physical Development**

Planning, Inspections

# Water & Sewer: Operations

The Town's water and sewer operations are funded through an enterprise fund with a total proposed budget of \$12,294,812.

An enterprise fund is similar to how private businesses function. User fees are charged to cover the cost of providing water and sewer service.



Rate increases needed for higher operating costs + capital transfers



\$21.58 = base rate: \$0.83 increase



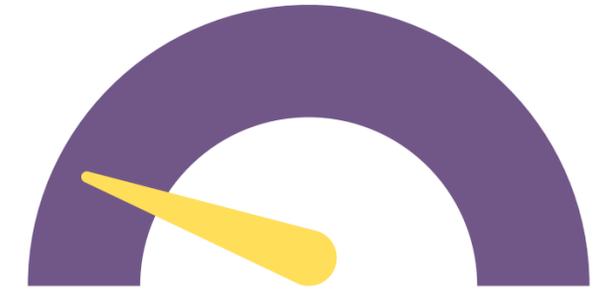
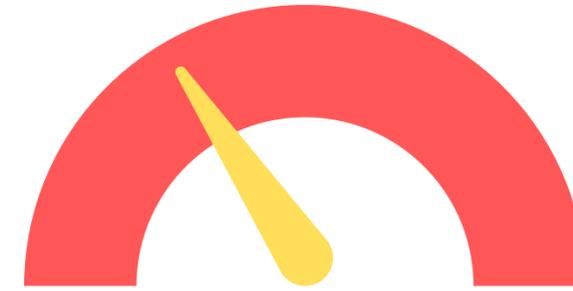
4% increase to consumption rates



\$2.93 monthly increase for average consumer (5,000 gallons)

# Southern Pines General Fund

## Debt Principal Owed: \$5,053,168



### POLICE STATION

Principal balance of \$216K through FY 23-24

Original issuance \$6.5M at 3.73% 2008

### WHITEHALL PURCHASE

Principal balance of \$300K through FY 23-24

Original issuance \$900K at 1.91% 2021

### FIRE ENGINE

Principal balance of \$267K through FY 24-25

Original issuance \$650K at 1.91% 2021

### FIRE STATION #2

Principal balance of \$3.48M through FY 32-33

Original issuance \$5.23M at 2.06% 2018

### COMMUNITY DEVELOPMENT

Principal balance of \$1.08M through FY 35-36

Original issuance \$1.25M at 1.91% 2021



LOOKING TO THE FUTURE...

**\$1M** FIRE ENGINE **57% increase in 2 years**

**\$2M** LADDER TRUCK **179% increase since last purchase**

- Aging facilities & other infrastructure
- Public desire for enhanced services & facilities
- Tight labor market
- Increased revenues from growth are not keeping pace with inflation & borrowing costs
- Increasing costs across all departments
- Delicate balance of increased rates, fees, and taxes vs. services that are potentially reduced or eliminated
- Employer of choice for talented employees who embody "public service"

# Positioning Ourselves for 24-25



Photo by: Joseph Hill



THANK YOU

[sopinesnc.info/budget](https://sopinesnc.info/budget)

Southern Pines citizens,  
staff, and Council.