

**City of Asheboro**  
146 North Church Street  
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Asheboro, North Carolina 27204-1106



May 26, 2023  
Updated June 15, 2023  
Updated June 26, 2023

To: Mayor David Smith  
Council Member Walker Moffitt, Mayor Pro Tem  
Council Member Clark Bell  
Council Member Eddie Burks  
Council Member Kelly Heath  
Council Member Bill McCaskill  
Council Member Jane Redding  
Council Member Charles Swiers

From: John N. Ogburn III, City Manager

Subject: 2023-2024 Annual Budget

**THE CITY OF ASHEBORO 2023-2024 ANNUAL OPERATING BUDGET**

**Introduction**

In accordance with the North Carolina General Statutes Article 159-11, I present the 2023-2024 annual budget representing the financial and operational plan for the upcoming fiscal year. The fiscal year 2023-2024 budget is balanced at \$ 71,552,634.

**Investing for Greatness – Building for the Future**

This Budget is investing for *Greatness* as we continue to make significant capital investments in our vibrant downtown, the Zoo City Sportsplex, and our “cathedral of baseball” Historic McCrary Park. The budget also continues to make investments in our employees. Last year, facing significant losses and shortages in our Police, Fire, Public Services and Wastewater Treatment Plant, the council boldly enhanced wages and training opportunities and as a result there are no vacancies in these critical departments. Additionally, all eligible employees at the Wastewater Treatment plant have passed / obtained their operator certifications. This budget continues those investments. In this budget, the City will focus on succession planning in critical management level positions as well as bringing the Executive Director of Downtown

Asheboro Inc over to the City of Asheboro payroll in January 2024. The City is only as great as our citizens, and in keeping with our Strategic Plan, this year we continue to make investments in local agencies that enhance our quality of life.

This Budget is building for the future. The Asheboro Fire and Rescue Department was recently awarded the ISO rating of 1. This rating is held by less than 1% of Fire Departments Nationally. This budget year we will begin to build a new Fire Station / Emergency Operations Center on Zoo Parkway as we focus our growth plans southward towards the NC Zoo. We have budgeted for the beginning of a local transit system, the Zoo City Loop, which we anticipate will receive state funding this fiscal year. This budget maintains our fleet as it invests in new vehicles and equipment, as we move to an electric future. This budget invests in upgrades to modernize our water and wastewater utility system and we will begin the construction of the US 64 Water Line East to the future Wolfspeed computer chip manufacturing facility.

### **Reappraisal of property tax base and resulting adjustment to tax rate**

Under NC Law, property taxes are the primary source of revenue for local governments. In 2022-2023, the projected revenue from property tax collections is estimated at approximately \$18,444,700. After re-valuation, the projected revenue at the same rate of \$0.665 is estimated at \$22,458,627. An adjustment in the tax rate to \$0.545 from \$0.665 is the revenue neutral tax rate bringing in the current 2022-2023 level of revenue of \$18,444,700. However, currently, I am not recommending that adjustment. I am recommending an adjustment in the tax rate to \$0.71 cents per \$100 valuation due to the following reasons: 1) increasing costs associated with Public Safety operations that are not sustainable at a lower rate, 2) ongoing investments in economic development activities including investment in Downtown, 3) investment in quality of life activities associated with support of local agencies, 4) the costs of maintaining and operating the Zoo City Sportsplex and the newly renovated McCrary Baseball Park, 5) the need to rebuild the City's cash reserves, 6) ongoing capital investments in downtown and 6) the investment in a much needed Zoo City Bus Loop,

### **General Fund Revenues**

I recommend that the property tax rate be increased to \$0.71 (from \$0.665) cents per \$100.00 value for this budget year.

Our main source of revenue for the General Fund is ad valorem property tax collections. Additional sources are sales tax, Powell Bill (gas tax) and utilities franchise tax. Property tax revenues are budgeted higher than 2022-2023 due to the revaluation and property tax rate change. The expected valuation is \$3,446,160,491. Sales tax revenue is budgeted higher than current year estimated as the economy is growing stronger. The utilities franchise tax revenue is not as easily impacted by the economy, so it is budgeted at a level slightly higher but more consistent with prior year collection. The State Powell Bill revenue is based on city mileage and the amount the General Assembly allocates for Powell Bill purposes and is budgeted consistent with prior year collection. Combined, I expect overall revenues to increase in comparison to the current year's revenue.

The proposed 2023-2024 budget does include a fund balance appropriation of \$817,960. \$560,000 of this appropriation is for heavy equipment ordered in prior fiscal years that is now scheduled to be delivered in Fall 2023. Supply Chain delays continue to have an impact on the ability for the City of Asheboro to purchase and receive its equipment in the same budget year requiring reappropriation in future years. \$157,960 of the Fund Balance Allocation is for professional services agreements executed in 2022-2023 that have not been completed by the agencies. \$100,000 of this is complete the repaving of the City Hall parking lot that has not been completed due to delays with third party vendors.

As noted above, a primary source of revenue for a local government is ad valorem taxpayer revenue. When funding governmental activities, we look toward taxpayer revenue to fund, at a minimum, public safety expenses. Public Safety includes the Police Department, the Fire Department, the Fire Prevention & Inspection Department and the Building Safety and Inspection Department. This is because everyone, all taxpayers and citizens, wants and benefits from public safety. It is important to all. The City of Asheboro acknowledges that everyone's home is their biggest asset and their family's health and safety is most important in life. It is the primary responsibility of the City of Asheboro to protect them. As a result, the City of Asheboro invests in "Top-notch" first responders. The Police department recommended budget is \$12,115,810 and the Fire Department recommended budget is \$8,346,930 for a total of \$20,462,740. Building Safety & Inspection's recommended budget is \$294,891 and Fire Prevention & Inspection's recommended budget is \$318,173. The total investment in public safety is \$21,075,804. Public Safety is 93.7% of total real property tax revenue budgeted at \$22,482,710.

In the 2022-2023 budget, the rates for garbage collection fee of \$18 and recycle collection fee of \$5 were adopted to close the gap in the cost to operate the service in relation to the revenue generated. This fee is paid by all inside city limit residential households that do not have a common dumpster regardless of use. In addition to residential collection, the City of Asheboro has a dumpster collection operation. All the garbage and recycling fees are collected on the utility bill but flow back to the General Fund. Revenue for garbage and recycle collection is budgeted at \$2,773,820. The recommended budget for the Environmental Service Department operation is \$2,998,371. Although the revenues generated at the current fee level are less than the budgeted need in the Environmental Services expense budget, no changes in fees is recommended in this operating year.

The 2023-2024 General Fund budget includes appropriations for Economic Development activities and appropriations to support some community agencies that oversee programs that fall within the 2020 strategic plan goals and initiatives. The amount in the budget toward economic development and community support is \$1,392,500.

The 2023-2024 budget also includes grant revenue of \$1,900,000. Of this amount, \$1,400,000 is to fund the purchase of a fire truck and \$500,000 is for the replacement of heating and cooling equipment at the Asheboro / Randolph Public Library.

## Water & Sewer Fund Revenues

The City of Asheboro Water & Sewer fund is fully supported by revenues generated from its operations. The major sources of revenue from water and sewer fund operations come from water and sewer charges, sampling and monitoring fees, surcharges, and septic tank discharge fees. Water and sewer charges are paid by all users – individuals, businesses, and industry. All other major sources noted above are paid by businesses and industry.

For 2023-2024, I am recommending no changes in the inside city limits water and sewer rate structure.

- Recommended water & sewer rate structure for 2022-2023  
The minimum bill for all customers includes 150 cf. usage.

Inside City Limits: water minimum bill \$15.58 and sewer minimum bill \$23.37  
Inside City Limits water consumption fee of \$3.07 per 100 cf. over minimum  
Inside City Limits sewer consumption fee of \$4.60 per 100 cf. over minimum

Outside City Limits- water minimum bill \$38.95 and sewer minimum bill \$58.52  
Outside City Limits water consumption fee of \$7.67 per 100 cf. over minimum  
Outside City Limits sewer consumption fee of \$11.51 per 100 cf. over minimum

For an inside water & sewer city limit customer, the minimum water & sewer bill, for 150 cf. usage, is only \$38.95 per month or \$1.29 per day.

The current budget appropriates funding for anticipated DWSRF low interest loans in the amount of \$4,960,000 for infrastructure maintenance and repair revenues. The current budget also appropriates lease purchase funding in the amount of \$817,000 for vehicles and equipment.

In May 2022, the City of Asheboro leadership team announced the intention to move the Utility Billing and Collection Department to a new location where customers had a safe area to park and transact their transactions in person. The City of Asheboro plans to open an office at Randolph Mall in late summer / early fall 2023.

**Fund Allocations:**

Fund allocations are as follows:

<b>General Fund:</b>	\$48,737,069
<b>Water and Sewer Fund:</b>	<u>\$22,815,565</u>
<b>Total:</b>	\$71,552,634

**CITY OF ASHEBORO GENERAL FUND BUDGET HIGHLIGHTS**

***General Fund Departmental Expenditure allocations are as follows:***

General Government:

Mayor & Governing Body	137,690
City Manager's Office	292,937
Finance Office	719,299
Legal & City Clerk	210,008
Information Technology	735,630
Planning & Zoning	1,256,186
Municipal Building	210,100
Fleet Maintenance	2,306,923
Human Resources	555,248

Total \$6,424,021

Public Safety

Police	12,115,810
Fire	8,346,930
Building Inspection	294,891
Fire Inspection	318,173

Total \$21,075,804

Transportation

Operations	1,153,688
Street Maintenance	4,784,832
City Engineer	671,286
Airport Authority	260,350

Total \$6,870,156

Environmental Protection

Total 2,841,203  
Total \$2,841,203

Economic Development/  
Community Support

Total 1,362,000  
Total \$1,362,000

Culture and Recreational	
Arts & Cultural Services	705,306
Recreation Services	4,220,352
Zoo City Sportsplex	1,091,435
Municipal Golf Course	243,142
Library	642,170
Facilities Maintenance	3,261,480
Total	<u>\$10,163,885</u>

**FISCAL YEAR 2023-2024 GENERAL FUND EXPENDITURE HIGHLIGHTS**

- 5% COLA effective January 1, 2024 for all Current City of Asheboro employees.
- Funding for DAI Executive Director on payroll starting January 2024.
- \$820,847 for workers compensation and property insurance.
- \$1,073,068 for existing debt service.
- \$709,100 for Utilities with \$240,000 of this expense is for the Zoo City Sportsplex.
- \$2,045,335 for Fuel (Gas Oil Tires).
- \$690,978 in contracted services in the Police Department including 911.
- 2,968,371 in Capital Outlay with various sources of funding
  - \$557,846 capital outlay qualify for financing.
    - 6 new Ford SUV for police \$243,846.
    - 2 Ton Flatbed Truck for Street Department \$97,000.
    - 1 Ton Flatbed Truck for Street Department \$77,000.
    - 1 Ton Crew Cab Truck for ZCSP \$40,000.
    - 2 Extended Crew Cab Trucks for Facilities Maintenance Dept \$100,000.
  - \$137,225 Police Capital Outlay that qualify for DEA Forfeiture funding.
    - 1 Service truck for CSI position re-budgeted from prior year \$50,000.
    - 2 Ford Rangers for vice operations \$59,000.
    - 1 Chev Traverse 4WD for vice operations \$28,225.
  - \$560,000 in Capital Outlay expenses approved in prior year rolled over to 2023-2024 being paid for out of Fund Balance Appropriation
    - \$400,000 Front Loader Garbage Truck for Environmental Services
    - \$160,000 Flusher for Environmental Services.
  - \$1,400,000 capital outlay for fire truck paid for by grant proceeds.
  - \$12,500 for a small utility vehicle / golf cart for Fleet Maintenance heavy tools.
  - \$60,000 for Portable Heavy Duty Truck Lift for Fleet Maintenance.
  - \$82,500 for Equipment to maintain ZCSP.
  - \$51,000 for Equipment to maintain Golf Course.

- \$157,960 in Professional Services expenses in prior year rolled over to 2023-2024
  - \$145,000 for I73-I74 Placemaking Phase 2.
  - \$12,960 for bicentennial park concept design.
  
- \$100,000 to complete City Hall Parking lot rolled over to 2023-2024
- \$40,000 for Public Transportation Grant Match for Zoo City Bus Route.
- \$150,000 Community Redevelopment for Jarrell Garden Landscape and Visitor Center design, Trade Street Engineering, City Mobile App development, AFD Emergency Operations Center Grant Administration, PTRC Grant and Planning Services, Acme Redevelopment and Conveyance Services.
- \$30,000 for Code Enforcement Activities – Demolition and Hauling.
- \$70,000 Community Development unassigned (use: grant applications pending needing matches such as NCDOT intersection improvements, Emergency Housing repair grants for low income / veteran households, dept of commerce funding, etc.)
- \$50,000 Match for NCDOT pedestrian projects- Sidewalks match.
- \$154,500 Economic Incentivizes to Energizer: \$42,000 Annual Performance Based Incentive to Energizer – pmt. 1 of 5 and \$112,500 Local Match for Energizer One NC Grant.
- \$865,000 budgeted for Economic Development payments to local agencies – allocation to be determined in July 2023.
- \$372,000 budgeted for Community Support (Boys & Girls Club, Our Daily Bread, GWCC after school program, Habitat for Humanity, Randolph Arts Guild, Rhinoleap, Randolph Senior Adults, Lydia’s Place, Randolph County Family Crisis, Raiders Football, Blue Comets Football, and Russell Murphy Football Camp)
- \$500,000 for Library HVAC – Requesting additional grant from State.
- \$120,000 for Library Books, Periodicals, Supplies.
  
- \$22,500 for Park Shelter / Bathhouse Roof Repair (Memorial, North, East Side).
- \$20,000 Concession Stand Roof Repair (City Fields, North Park).
- \$30,000 Kayaks and Jon Boats at Lake Lucas.
- \$1,250,000 transfer to McCrary Ballpark fund (Anticipate State Grant).
  
- \$116,760 in matching funds for Airport Grants.

## CITY OF ASHEBORO WATER & SEWER FUND BUDGET HIGHLIGHTS

*Water & Sewer Fund Departmental Expenditure allocations are as follows:*

Billing & Collection	878,028
Water Meter Operations	982,749
Water Maintenance	2,129,566
Wastewater Maintenance	1,672,674
Water Resources Division	
Water Supply & Treatments	4,390,896
Wastewater Treatment	3,864,468
Technical Services	422,148
Systems Maintenance	7,611,380
Water Quality	863,656
Total	<u>\$22,815,565</u>

### FISCAL YEAR 2023-2024 WATER & SEWER FUND EXPENDITURE HIGHLIGHTS

- 5% COLA effective January 1, 2024 for all Current City of Asheboro employees.
- \$228,106 for workers compensation and property insurance.
- \$514,746 for existing debt service for WTP and WWTP.
- \$817,000 in Capital Outlay that qualifies for financing.
  - 1 truck for Meter Maintenance Department \$40,000.
  - Van for Wastewater Treatment Plant \$32,000.
  - Dump Truck for Wastewater Treatment Plant \$125,000.
  - Rubber Tire Loader for Water Maintenance \$240,000.
  - Dump Tuck for Water Maintenance \$105,000.
  - Service truck (Camera) in Sewer Maintenance \$210,000.
  - Service Truck for Systems Maintenance \$65,000.
- \$83,300 in capital outlay equipment that will not be financed.
- \$1,025,000 for Utilities.
- \$110,500 for vehicle Fuel etc.
- \$1,210,000 for chemicals.
- \$130,000 for meter replacement.
- \$332,600 for WTP building and equipment maintenance and repair.
- \$372,000 for WTP pump maintenance and repair.
- \$200,000 in professional services at WTP compliance assistance with changing regulations.
- \$220,000 in contracted services for Basin #6 rehab- Sludge collector and baffle wall.
- \$120,000 in Contracted Maintenance of Water Tanks.
- \$950,000 in Contracted Services for clarifier upgrades and primary effluent trough repairs.



- \$72,800 for DOT utility Construction agreement for Cedar Fork / Farmer Rd re-budgeted from 22-23.
- \$5,790,000 lift station upgrades - \$4,960,000 financing requested from DWSRF Loans (\$2,700,000 of this already approved for Lift Station #3 upgrades re-budgeted from 21-22).

### **Looking forward for future Water & Sewer Budget years:**

The City adopted an increase in water and sewer rates in July of 2014. Even though professional rate studies performed at that time recommended an annual increase in rates 2015 going forward, the City did not implement them due to the economic environment and its impact on the consumer. As a result of using cash reserves multiple years in a row, the City is currently operating under a warning issued by the Local Government Commission that was issued 6-30-2021. In response to the warning issued, the City of Asheboro Council acknowledged that they would have to increase the water and sewer rates over multiple years going forward to sustain the system. The Council approved an increase in July 2022 and does not anticipate any use of retained earnings in the current fiscal year ending June 30, 2023. This rate change is one of many that the City of Asheboro will need to implement to provide the resources for operations and needed maintenance and repairs in the water and sewer operating and treatment system.

At the April 7, 2022, City Council Meeting, the City Council received the final report and findings from Freese & Nichols, Inc. who performed an asset inventory of the City of Asheboro Water and Sewer operation. This report details upcoming plant and equipment maintenance and repair issues costing up to \$150 million dollars. The list is long and comprehensive, but the most time sensitive items are listed below.

- \$300,000 to Rehab Clarifier #3
- \$305,000 to Add / upgrade/ rehab Lift Stations to address safety issues and capacity issues (LS #27, LS #23, LS #7)
- \$2,140,000 to add a lift station on Presnell St. to support economic development along the HWY 64 corridor and support the Randolph County Agriculture Center
- \$500,000 to Replace force main at LS #23 due to leachate being pumped to this location and growing demand for sewer in the area.

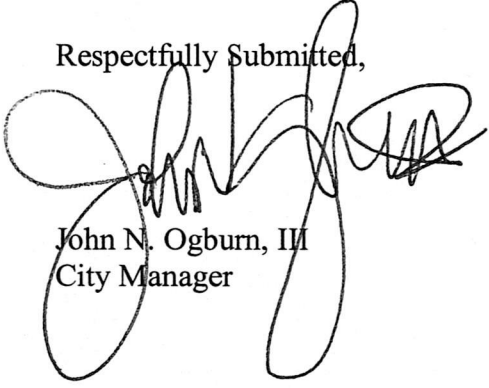
In the past, the City of Asheboro has not qualified for low interest loans or grants from the State of North Carolina due to our low water and sewer rate structure. The City of Asheboro is hopeful that after implementing a series of rate changes in the 2022-2023 budget and future budgets, the City will become eligible for funding from the state to cover some or all these upcoming expenses. In addition, the City of Asheboro will be seeking Federal Infrastructure Investments and Jobs Act recently approved by Congress and signed into law by President Biden.

The 2023-2024 preliminary budget was presented at the Asheboro City Council workshop meeting on Tuesday May 30<sup>th</sup> at 6:00 pm. The Council will convene a public hearing on Thursday June 15<sup>th</sup> at 7:00 pm to review the current proposed budget. The budget adoption is

scheduled for 7:00 pm on Monday June 26<sup>th</sup>. A copy of the proposed budget will be available in the City Clerk's office for public inspection during regular business hours.

In closing, on behalf of the Department Heads and staff, Asheboro is exactly where we want to be!

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'John N. Ogburn, III', written in a cursive style with large loops and flourishes.

John N. Ogburn, III  
City Manager