

Town of Murphy

Commissioners
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Rick Ramsey, Mayor
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Commissioners
Noland Smith
Gail Walker Stansell
Karen Watson

To: Mayor Rick Ramsey and the Murphy Town Council

Date: May 24, 2021

From: Chad Simons, Town Manager

Topic: 2021-2022 Fiscal Year Budget Ordinance Proposal and Message

This budget proposal seeks to enhance our service quality in each public safety department, adding one full-time law enforcement officer and improving our staffing at Murphy Fire. No tax increase is needed to support the enhancements. We will continue to provide quality services in the most cost-efficient way possible.

Administration and Personnel

A cost of living increase is not recommended. The town's health insurance will change from Cigna to Blue Cross Blue Shield (BCBS). Health insurance costs will increase by about \$20,000. The change to BCBS offers better coverage and is more cost friendly. Property and liability and workers' compensation insurance will remain the same. Management will continue to analyze the consumer price index next year to ensure our 2019 pay plan remains on par with any inflationary pressures. A Christmas bonus is budgeted for all non-contract personnel using the same longevity method as last December's bonus. The bonus will cost approximately \$15,550 in the general fund and \$8,500 in the water and sewer fund. The addition of a streets and grounds employee in Public Works will be evaluated in the near future.

The proposal also allocates \$25,000 for the completion of a comprehensive plan, as required under a new state law described in Chapter 160D. The town must complete and approve a comprehensive plan by July 1, 2022, in order to enforce existing zoning regulations.

Tax Rate

The tax rate will remain at \$0.38 cents per \$100 of valuation.

Capital Outlay – Water and Sewer

Belt Press for Sewer Plant

The sewer plant's belt press is well past its useful life and needs to be replaced. This budget appropriates \$500,000 for this project. Revenue from the American Rescue Act in the amount of \$330,000 will help pay for the upgrade.

Distribution Tanks

To better fund depreciation associated with our water distribution tanks and enhance water quality, the budget continues a program designed as a pay-as-you-go approach to maintaining our five tanks. The cost of the tank maintenance is \$40,000.

Water Plant Truck

The water plant is in need of a vehicle. This budget proposes \$45,000 to address the need.

Capital Outlay – Police

Management is recommending the purchase of three new hybrid vehicles for the police department, in order to work toward the goal of allowing each sworn officer the opportunity to operate their own vehicle. This will promote more pride and accountability on how vehicles are used and maintained. It will also serve as a recruitment/retention tool. Take-home vehicles are not recommended, however, with the exception of the Police Chief, Assistant Police Chief, Investigator and Patrol Sergeant. Two Ford utility vehicles are estimated to cost \$40,000 each, and a hybrid Ford F-150 an estimated \$35,000.

Capital Outlay – Streets

The town delayed the paving of the parking lot off Central Street due to uncertainty surrounding the pandemic. The budget allocates \$50,000 for this project. The budget proposal also calls for \$10,000 for the construction of wayfinding signs for downtown, while continuing the downtown beautification efforts.

Capital Outlay – Fire

The Town of Murphy Fire Department will acquire a new mini pumper for \$320,000. Note that revenue from the ABC-NCDOT right-of-way purchase for \$129,000 and \$150,000 of American Rescue Act funds will help pay for this asset.

Capital Outlay – Recreation

Cherokee County Recreation requested \$13,000 for the construction of a storage shed. The request was delayed last fiscal year. The request is funded in the proposed budget.

Powell Bill

The Powell Bill fund is budgeted at \$56,000.

Debt Service

All debt payments are budgeted as required by law.

General Fund:

The town in 2008 entered into a lease agreement with Murphy Power Board for exterior streetlights. This contract was amended in 2020-2021 to lease the construction of sidewalk and exterior streetlights on Hiwassee Street. Payments will remain the same. \$15,000 is budgeted for the lease agreement.

In 2007 the town borrowed \$1,900,000 from USDA to pay for a new fire station. The investment requires forty (40) annual payments of \$99,600. The loan will be paid off in 2047.

Water and Sewer Fund

The town accepted two loans in 2009 to pay for pump station improvements at Cherokee Hills and what is now Erlanger Hospital. Annual payments are \$32,920 total, and both zero interest loans will be paid off in 2032.

The town concluded the Hiwassee River Sewer Repair project last summer. Debt service payments total \$44,713 for the next fiscal year. The debt service associated with the project will expire in 2041. The first of five payments for the vactor truck will begin in August, costing \$37,500.

Water and Sewer Rates

It is recommended for the town to adopt the proposed rate schedule introduced in conjunction with the recommended ten (10) year Capital Improvements Plan. The schedule will increase base and volumetric charges by six (6) percent. Management is also recommending an increase in sewer dumping charges; from \$.10 cents per gallons to \$.12 cents per gallon for inside users, and from \$.12 cents per gallon to \$.14 cents per gallon for outside users. Note that this service for septic haulers is a privilege offered to them by our sewer plant and is not required by law.

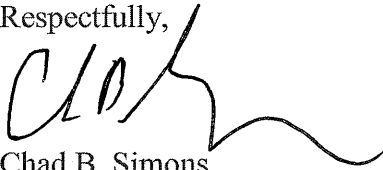
One fee increase is recommended. Deposits for new restaurants and any customer with a two (2) inch meter will increase to \$350.00.

A complete copy of the Town of Murphy's rate/fee schedule is attached.

Conclusion

The proposed budget seeks to improve the ability of our police department to act proactively, and engage in more community policing. It also seeks to move one step closer to providing 24/7 coverage at our fire department, while also tackling capital projects delayed in the 2020-2021 fiscal year. The proposal also places the town in a better strategic position in our water and sewer fund. The proposed budget addresses some of the requests of the council from the March work session meetings, while also protecting the town's firm financial position.

Respectfully,

A handwritten signature in black ink, appearing to read 'C. Simons', with a long, sweeping horizontal flourish extending to the right.

Chad B. Simons
Town Manager

2021 2022 Proposed Budget Ordinance

BE IT ORDAINED by the Town Commissioners of the Town of Murphy, North Carolina in a special session assembled:

I. That the following amounts are hereby appropriated for the operation of Town of Murphy government and its activities for the fiscal year beginning July 1, 2021 and ending June 30, 2022 according to the following summary and schedules.

Summary-All Accounts	Estimated Revenues	Total Budget Appropriation
General Fund	\$2,883,252	\$2,883,252
Firemen's Relief	\$11,500	\$11,500
Powell Bill Fund	\$56,000	\$56,000
Rural Fire District	\$419,520	\$419,520
Utility Fund	2,413,253	2,413,253
TOTAL	\$5,783,525	\$5,783,525

II. That for the said year there is hereby appropriated out of the General Fund the following:

Code	Department	Appropriation
10-420	Administration	482,510
10-430	Election	12,000
10-510	Police	1,159,200
10-530	Fire	493,655
10-560	Streets	217,400
10-580	Sanitation	167,750
10-620	Recreation	30,000
10-630	Library	196,137
10-640	Cemetery	25,000
10-399	USDA Debt Service	99,600
	TOTAL	2,883,252
14-000	Firemen's Relief	\$11,500
	TOTAL	\$11,500

15-570	Powell Bill Fund	\$56,000
	TOTAL	\$56,000

20-530	Murphy Rural Fire District	419,520
	TOTAL	\$419,520

III. It is estimated that the following General Fund revenues will be available during the fiscal year beginning July 1, 2021 ending June 30, 2022 to meet the following General Fund appropriations:

Code	Revenue source	Amount
10-301-04	Library copier/fin	7,500
10-301-11	Vehicle Tax Cherokee	45,000
10-302-16	2016 Taxes	500
10-302-17	2017 Taxes	500
10-302-18	2018 Taxes	5,000
10-302-19	2019 Taxes	5,000
10-302-120	2020 Taxes	30,000
10-302-21	2021 Taxes	940,000
10-317-00	tax penalty interest	10,000
10-331-00	rental property	2,000
10-331-01	Wal mart grant	2,500
10-335-00	Miscellaneous Revenue	30,000
10-337-00	Utility franchise tax	75,000
10-345-00	Local Option sales tax	550,000
10-346-00	solid waste disposal tax	800
10-347-00	Beverage tax distri	120,000
10-347-02	ABC tax law enfor	5,000
10-351-00	Court Cost and fees	100
10-354-00	EBCI Fire Protection Fee	110,000
10-335-00	Zoning Permit	200
10-399-00	TVA lieu of tax	50,000
10-399-01	Murphy Power lieu	105,000
10-399-02	Murphy Housing in lieu	12,000
10-399-03	Fund Balance App	495,052
10-399-04	Power Board Rent	26,000
10-399-10	Garbage Fees	6,500
10-399-13	American Rescue Funds	150,000
10-399-80	Murphy Rural Transfer	99,600
	TOTAL	2,883,252

14-000	Firemen's Relief	\$11,500
	TOTAL	\$11,500

15-570	Powell Bill Fund	\$56,000
	TOTAL	\$56,000
20-301-12	Fire District Tax	\$419,520
	TOTAL	\$419,520

IV. That for said fiscal year there is hereby appropriated out of the Utility Fund the following expense in the Water Department:

Code	Department	Amount
30-809 Water Filter Plant	Water Filter Plant	520,040
30-810 Utility Maintenance	Utility Maintenance	913,213
30-811 Wastewater Plant	Wastewater Plant	980,000
	TOTAL	2,413,253

V. It is estimated that the following Utility Fund revenues will be available during the fiscal year beginning July 1, 2021 and ending June 30, 2022 to meet the foregoing Utility appropriations:

Code	Department	Amount
30-329-00	Interest on Investment	100
30-335-00	Miscell Revenue	4,653
30-371-00	Water Receipts	1,020,000
30-371-01	Sewer Receipts	560,000
30-374-00	Reconnect Fees	3,500
30-375-00	Water Tap fees	5,000
30-375-01	Water Recovery Fee	5,000
30-375-02	Sewer Tap fees	5,000
30-375-03	Sewer Cost Recovery	5,000
30-375-00	Dumping Fees	75,000
30-399-03	Prior Year Fund Balance	400,000
30-399-08	American Rescue Act	330,000
	TOTAL	2,413,253

VI. There is hereby levied for the fiscal year ending June 30, 2022 a tax rate of \$ 0.38 on each \$100 assessed valuation of taxable property, as listed inside the town limits of Murphy as of January 2021 for the purpose of raising the revenue from current years property tax as set forth in the foregoing estimates of revenue, and in order to finance the foregoing appropriations:

General Fund

For the general expense incident to the proper government in Murphy	\$ 0.38
Tax rate per one hundred (\$100) assessed valuation	\$ 0.38

Estimated collection rate of 93% was used to project ad-valorem revenues.

VII. Copies of the budget ordinance shall be furnished to the Finance Officer and Town Manager of the Town of Murphy, North Carolina to be kept on file for them for their direction in the collection of revenues and expenditures of amounts appropriated.

VIII. Special Authorization Budget Officer

The Budget Officer is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a. She/He may transfer amounts between line item expenditures within a department without limitation and without a report being required. These changes should not result in increases in recurring obligations such as salaries.
- b. She/He may transfer amounts up to one thousand (\$1,000) dollars between departments, including contingency appropriations within the same fund.
- c. She/He must make an official report on such transfers at the next regular meeting of the Board of Commissioners. She may not transfer any amounts between funds, except as approved by the Board of Commissioners in the Budget Ordinance as amended.

IX. The Budget Officer may make cash advances between funds for periods not to exceed 60 days without reporting to the Board of Commissioners. Any advances that extend beyond 60 days must be approved by the Board. All advances that will be outstanding at the end of the fiscal year must be approved by the Board.

X. Copies of this Budget Ordinance shall be furnished to the Clerk to the Board of Commissioners and to the Budget Officer and Finance Officer to be kept on file by them for their direction in the disbursement of funds.

Adopted this _____ day of June, 2021

Commissioners:

Noland Smith _____

Frank E. Dickey _____

Barry McClure _____

Gail W. Stansell _____

Karen Watson _____

Barbara Hughes _____

Rate & Fee Schedule

RATES EFFECTIVE JULY 2021

TOWN OF MURPHY
2021-2022

***UNITS = GALLONS
INSIDE CITY RATES
MINIMUM BILL
RESIDENTIAL- INSIDE
\$21.85

COMMERCIAL- INSIDE
MINIMUM BILL
\$35.85

FIRST 2750 UNITS @ 7.28 PER \ UNIT
2,751 -9999999 UNITS @ 3.95 PER \ UNIT

FIRST 2750 UNITS @ 13.04 PER \ UNIT
2751-10,000 UNITS @ 5.20 PER \ UNIT
10,001 & ABOVE @ 2.45 PER \ UNIT

Minimum sewer -2750 gallons \$12.75
SEWER PER 1000 OVER 2751 2.65

Minimum sewer -2750 gallons \$12.75
SEWER PER 1000 over 2751 2.65

OUTSIDE CITY RATES
MINIMUM BILL \$43.70

COMMERCIAL - OUTSIDE
MINIMUM BILL \$71.70

FIRST 2750 UNITS @ \$15.89 PER \ UNIT
2751-9999999 UNITS @ 7.60 PER \ UNIT

FIRST 2750 UNITS 26.07 PER \ UNIT
2,751-10,000 UNITS @ 10.40 PER \ UNIT
10,001 & ABOVE @ 4.90 PER \ UNIT

Minimum sewer -2750 gallons \$25.45
SEWER PER 1000 over 2751 gallons \$5.30 PERUNIT

Minimum sewer -2750 gallons \$25.45
SEWER PER 1000 over 2751 gallons \$5.30 PERUNIT

POOR HOUSE MOUNTAIN DISTRICT
MINIMUM BILL \$47.90
FIRST 2750UNITS @ \$17.42
2751-9999999 UNITS @ \$7.60 PER/UNIT

DEPOSIT FEE
Minimum Bill for Two Months
Restaurants - \$350.00
2" Meter - \$350.00

SMALL BUSINESS GARBAGE
\$8.00 per month
RECONNECT FEE
Inside - \$50.00
Outside - \$75.00
After 5 p.m. - \$50.00 additional fee
DUMPING FEES
\$0.12 cents per gallon inside
\$0.14 cents per gallon outside