



TOWN OF BLOWING ROCK

1036 Main Street • Post Office Box 47 • Blowing Rock, NC 28605

Date: June 6, 2014

To: Blowing Rock Town Council

From: Scott Fogleman, Town Manager

Re: List of Changes to the Recommended Budget for Fiscal Year 2015

The Recommended Fiscal Year 2015 budget was officially presented at the Council meeting on May 13, 2014. It was posted online and a copy has been available for review at Town Hall. Three separate work sessions with Council were held on May 20, 21, and 22 to discuss the details associated with the budget. Following Council discussion, a list of changes to the Recommended Budget has been developed. The list of changes, proposed to be incorporated into the Recommended Budget, is summarized below for Council consideration following the public hearing.

1. **No Change to Schedule B License Fee Rates** – There will be no change from the fee structure in place during FY2014. License fee rates had previously been recommended to increase to \$100 in expectation of a change in license fee legislation related action in the General Assembly. However, on May 29 the State of North Carolina updated the law regarding applicability of business licenses. Beginning in FY2015, business license fees can no longer be charged to those businesses without a physical presence within the corporate limits. We are working to estimate what the resulting revenue reduction of this change will mean to the Town of Blowing Rock in FY2015. In anticipation of these two changes as compared to the Recommended Budget, the revenue budgeted for this line item is being reduced by \$70,660 to just \$2,000. This revenue was budgeted at \$18,000 in the FY2014 Adopted Budget. Another facet of the action taken by the State of North Carolina on May 29 resulted in the authority to charge a business license being repealed altogether beginning July 1, 2015, meaning that the Town of Blowing Rock will not have the option to charge this fee at all in FY2016.
2. **Administration and Finance Intern Removed** – The Recommended Budget included \$13,995 in support of a part time intern for the Administration and Finance Department to assist with work load and special projects. This has been removed.
3. **Information Technology Project Support Changed to Contracted Services** – The Recommended Budget allocated resources totaling \$36,936 for internal staff to support the information technology capital investment project planned for initiation in FY2015 including router installation, establishing streaming meetings and video on the website, and a Wi-Fi network for selected Town facilities and the Downtown corridor. This has been changed to be handled and coordinated through contracted services support. The estimated cost is unchanged.
4. **Classification and Pay Program Implementation and Pay Adjustments for Staff** – The Classification and Pay Study completed in the spring of 2014 examined the existing salary for each position and compared it to similar positions, responsibilities and corresponding compensation and benefits within today's labor market. The Recommended Budget included funding to close the gap on those positions that are currently lower than the market by 50%. The adjusted budget prepared for adoption includes funding necessary to close that gap by 35%. This change along with pay adjustments for staff reduces the general fund appropriation by \$45,423 including salary and benefits and it reduces the utility fund appropriation by \$5,719.

5. **Classification and Pay Program Implementation Adjustment for Council** – The Classification and Pay Study examined the existing salary for each position and compared it to similar positions, responsibilities and corresponding compensation and benefits within today’s labor market. The Recommended Budget included funding to close the gap on those positions that are currently lower than the market by 50%. The adjusted budget prepared for adoption includes no increase in the level of Council compensation or benefits. This change reduces the general fund appropriation by \$7,967.
6. **Fire Department Contribution to Debt Service for Fire Station** – Each year the Fire Department contributes \$60,000 to assist with the debt service payment associated with the Fire Station on Valley Boulevard. This appropriation flows as debt service through the general capital fund and is transferred to the general fund where the debt service is paid. This transfer was not reflected in the Recommended Budget schedules.
7. **Reallocation of TDA Funding to Contribute \$25,000 For Pursuit of Middle Fork Greenway** – There is no net difference in bottom line funding with this change, just reallocation of Tourism Development Authority funding. Per direction by the TDA Board, \$25,000 has been reallocated to support the effort to build the section of the Middle Fork Greenway in Blowing Rock. Once all the sections are complete, the Middle Fork Greenway is expected to connect Blowing Rock to Boone. Funding was reallocated as follows: \$5K from sidewalks, \$15K from signage, \$2K from park renovation, and \$3K from the TDA operating budget.
8. **Tax Rate Change to 31.0 Cents** – The Recommended Budget reflected a tax rate of 30.5 cents per \$100.00 of assessed value. The additional revenue of \$54,804 generated by adjusting the tax rate to 31.0 cents along with the net funding of \$54,979 made available by the changes detailed above, totaling \$109,783, is to be dedicated to street repaving in FY2015. Other than the Powell Bill gas tax of \$71,000 expected in FY2015, there had not been any funding included in the Recommended Budget for street repaving. These changes will increase the street repaving budget from \$71,000 to \$180,783 for FY2015. This funding level is still only slightly more than half of the \$350,000 annual funding necessary to repave Town streets every ten years which is the life cycle of roads in this climate.

End of List