

 The Gateway to Lake Tillery

Dear Mayor, Council, and Citizens of Norwood:

I am privileged to present the FY 2023-2024 Proposed Budget for the Town of Norwood. I would like to recognize former Town Administrator Scott Howard who completed a draft balanced budget just prior to his leaving the Town to take a similar position in another community. Most of the work to develop this budget was performed by Mr. Howard with assistance from Town staff. I have taken this draft budget and input from the Mayor and Board of Commissioners to finalize this proposal.

The Town continues to face challenges in increasing costs, particularly from contract providers including those in the essential areas of fire protection, waste collection and operation of the Town’s water and wastewater plants.

For the General Fund, the most significant drivers of increased costs and/or decreased revenues are as follows:

An increase in the contract cost for fire protection with Center Rural Volunteer Fire Department from $66,875 per year to $189,625 in FY 2023-2024 including an increased annual contract amount of $136,500 and a one-time payment for capital improvements of $53,125.

The elimination of the Edgewater/Eagle Pointe municipal service district for fire protection which results in an annual loss of revenue of approximately $55,000.

A 5.2% increase in solid waste contract costs with Waste Management.

The need to provide a competitive cost of living increase and pay incentives for education and training in order to retain competent employees, particularly in the Police Department.

For the Water and Sewer Fund the most significant drivers of increased costs include the following:

Rising costs in the utility construction industry and in utility supplies and materials such as pipes and valves.

A 6.5% increase in contract cost with Envirolink for operation of the Town’s water and wastewater plants.

Increased annual debt service payments of $230,000 beginning in the current fiscal year for urgent repairs and upgrades to the Town’s water treatment plant.

As a consequence of these financial pressures this budget includes a modest tax increase of $.02 per $100 of valuation to $0.41 from the current rate of $0.39. The budget also incudes a recommended rate increase of 11.5% in water and sewer rates, an increase of $1.00 per month for solid waste collection, and an increase in water and sewer tap fees.

**General Fund Revenues**

General Fund revenues are estimated at $3,332,250. This is a decrease of 3.1% under the FY 2022-2023 budget. This decrease is mostly attributable to a smaller appropriation in Powell Bill Street System fund balance. A significant amount of these funds have been used to complete street projects and are no longer available for use.

 The tax rate is recommended at $0.41, an increase of two cents. This is based on a total assessed valuation of 388,000,000 and a tax collection rate of 98.42%.

Contracted waste disposal prices will increase by 5.2% for the coming fiscal year. This budget has a proposed increase of $1.00 per month from $12 to $13 for residential service to cover this increase.

The budget does not propose the appropriation of any General Fund fund balance.

**General Fund Expenditures**

General Fund expenditures, including Powell Bill expenditures are budgeted at $108,441 less than the current fiscal year, a decrease of 3.1%.

**Council Budget:**

This 2023-2024 budget is proposed at $512,250, an increase of 27.9%. This increase is the result of the large increase in the contract cost for fire protection, and $110,400 budgeted for downtown improvements and downtown revitalization. The downtown costs are funded almost entirely ($97,000) from the proposed sale of the former water plant/fire station building.

**Administrative Department Budget:**

This is proposed at $451,725, which is an 11.5% decrease from FY 2022-2023. This reflects not funding a part-time position in the Administration Department.

**Police Department Budget:**

The Police Department budget is proposed at $1,216,050. This represents a 4.3% increase from the current budget year. This increase is primarily due to a recommended 5% COLA and incentive pay for education and certifications.

**Street Department Budget:**

This proposed budget decreased by 1.5% from the current budget to 332,484.

**Powell Bill Budget:**

The proposed Powell Bill budget decreased significantly from FY 2022-2023 due to the completion of several street projects in the current fiscal year. These projects have utilized much of the fund balance in this fund, leaving less to appropriate in the upcoming budget year. The proposed budget is $184,500 which is 52% less than the current year.

**Sanitation Department Budget:**

The proposed Sanitation budget freezes one full time vacant position so that these funds can be allocated to a cost of living increase for Town employees. It is proposed at $489,055, a 7% decrease from FY 22-23.

**Parks & Recreation Budget**

The Parks & Recreation budget is proposed at $123,137, a 1% decrease from the current year.

**Cemetery Budget:**

The Cemetery budget proposes expenditures of $63,451, a decrease of one half of one percent from the current fiscal year.

**Enterprise Fund Revenues**

The Water and Sewer Fund is proposed at $2,767,800. This is an increase of 10% from FY 2022-2023. This increase in revenues is the result of a proposed 11.5% water and sewer rate increase and an increase in water and sewer tap fees.

**Enterprise Fund Expenditures**

**Transfer to Fund Balance**

The Budget includes a $300,000 transfer to Fund Balance to provide funds for future repairs and renovation for the Water and Sewer System. This Fund currently has a low level of retained earnings, and has insufficient funds available for any major repairs.

**Water Plant Budget:**

The Water Plant budget is proposed to increase from $518,030 in the current budget to $531,300, which is a 2.5% increase.

**Wastewater Plant Budget:**

The Wastewater Plant budget is recommended at $450,600 which is a 9% decrease from FY 22-23. This is primarily due to lower anticipated costs in sludge removal and slightly lower debt service.

**Water & Sewer Field Operations Budget:**

The Water & Sewer Field Operations budget is proposed to increase from $1,248,390 to $1,485,900 which represents a 16% increase. Most of this increase is attributable to an increase of $158,000 for water and sewer line repairs and $73,100 for the purchase of a mini excavator and trailer.

**Summary**

This proposed budget will ensure that the citizens and businesses of Norwood continue to receive high-quality services delivered in a professional, friendly and courteous manner. It also provides resources to continue to improve the Town’s infrastructure, particularly in the area of water and sewer. Investment in this area will make sure that the Town’s utility customers have a reliable source for the critical resource of safe drinking water, now and in the future.

This proposed budget will be on the June 5 Board of Commissioners agenda for discussion. A public hearing will be set at this meeting to hear public comments and adopt the budget.

I would like to express appreciation to former Town Administrator Scott Howard for preparing the draft budget; to Town Clerk Valerie Greene and Finance Director Luke Melton for their assistance with the budget; and to the Mayor and Board of Commissioners for their thoughtful review and discussion of the draft budget at the budget workshop.

Ray Allen

Ray Allen

Interim Town Administrator