

**MAYOR**  
WILLIAM W. MASSENGILL, JR.

**MAYOR PRO-TEM**  
FREDERICK D. NELSON, JR.

**COMMISSIONER**  
WILL T. CHANDLER  
JOHN R. BONNER  
CASANDRA P. STACK  
JERRY MEDLIN  
DR. R. MAX RAYNOR



**TOWN OF BENSON**  
P.O. BOX 69  
303 EAST CHURCH STREET  
BENSON, NC 27504  
(919) 894-3553  
FAX (919) 894-1283  
[www.townofbenson.com](http://www.townofbenson.com)

**TOWN MANAGER**  
MATT ZAPP

**TOWN CLERK**  
CONNIE M. SORRELL

**INTERIM FINANCE DIRECTOR**  
BRASTON NEWTON

**TOWN ATTORNEY**  
R. ISAAC PARKER

June 19, 2015

To Mayor Massengill and the Board of Commissioners:

Following is the detailed overview of the current financial plan and needs for the Town of Benson, as it relates to the FY '16 Budget (year ending June 30, 2016). The final proposed FY 2015-2016 Budget is \$10,901,613, anything can be added or deleted at the pleasure of the board.

The required Public Hearing for the Budget was held on June 9, 2015 at 7:00 PM. Direction provided by the Board was welcomed and adjustments are reflected in the Final Draft Budget. Approval of the FY '16 Budget is anticipated at the regularly scheduled June 25, 2015 meeting.

The proposed budget addresses priority issues identified by the Board of Commissioners during our planning retreat in November 2014:

- Aesthetic Appearance
- Economic Development
- Housing and Code Enforcement
- Improved Educational Access and Quality
- Comprehensive analysis of the enterprise operations
  - Water, sewer, stormwater & electric systems

**Major capital purchases and investments included in the \$10,901,613 budget:**

- \$52,000 for the purchase of two new police cruisers
- \$50,000 for the abatement of dilapidated housing via a voluntary demolition program
- \$35,000 for the replacement of the Auditorium roof at Town Hall
- \$115,000 to fund a comprehensive Stormwater Study
- \$5,000 in bleachers for the Parks and Recreation Department
- \$11,000 for field refurbishment for the Parks and Recreation Department
- \$35,000 for the purchase of a Public Works Truck and \$5,000 for a utility body
- \$24,000 for the purchase of new tractor to mow easements (sanitary/ electric) and ROW's
- \$150,000 for new 2-way load management devices in the Electric system
- \$37,000 for a new chipper in the Electric Department

A total of \$374,018 in Fund Balance is being requested to balance the budget. The breakout includes \$268,000 for one-time expenditures and \$106,018 in operational costs.

## PERSONNEL

**STAFF:** The budget has no new positions added. It does account for permanently filling the vacant Finance Director position and fully funding the recently added position of Permit Technician.

Due to the automation of meter reading and subcontracting of town wide lawn mowing, a total of four fulltime positions have been permanently reduced. These positions include three FTE roles in Public Works and one position in Parks and Recreation.

Additionally, the retirement of our fulltime custodian in 2015 resulted in subcontracting of our cleaning services as well. We also reduced one position in the Electric department. Overall, the Town of Benson will operate with 6 less fulltime roles in FY 16 as compared to the prior fiscal year. These savings have been primarily realized within the General Fund.

**SALARY:** The budget includes authorization to provide employees with a merit adjustment (0-3%) based upon individual performance). Additionally, funds have been included in this budget to provide cash payment for approved overtime hours worked in the following departments: Police, Public Works, Electric, Waste Water and Parks.

**BENEFITS:** Following the Board's approval during the June 9, 2015, the Town will a co-fund an HRA health plan with United Health Care. The \$2,500 high deductible plan will be cost shared by the Town and the employee. The approved plan includes an HRA contribution of \$750 per employee, lowering an individual's out of pocket exposure to \$1,750. All medical, vision and dental coverage will be provided at no cost to the employee. A 5% contribution to the employee's 401K plan also remains in the upcoming budget.

## GENERAL FUND

- 1) The Town of Benson's expected property valuation for FY 2015-2016 is \$264,667,168
  - Estimated collections for this valuation will be \$1,403,227
  - A 98% collection rate is used to project property tax revenue for real and personal property
- 2) The registered motor vehicles tax and tag levy is approximately \$21,113,938
  - Estimated collections for this levy is \$112,671
- 3) At a tax rate of fifty-three cents (\$0.53) per hundred dollars, a total of \$1,487,931 should be collected
- 4) General Fund revenues reflect three PILOT (payment in lieu of taxes) amounts
  - \$9,000 for the Benson Housing Authority
  - \$12,970 for the Electric Fund
  - \$75,000 for the Water and Sewer Fund
- 5) A proposed increase in curbside waste, recycling and yard waste collection is included in the draft figures.
  - Single can trash and recycling service is currently \$22.00 per month.
  - The proposed adjustment is to charge \$22.66 per month.
  - This figure accounts for a Waste Industries 3% CPI adjustment that will be effective on January 1, 2016.
  - The proposed rate adjustment would not be implemented until January 1, 2016.

The General Fund is expected to run at a deficit of approximately (\$29,670) as of June 30, 2015. The estimated available Fund Balance for General Fund will be \$1,256,544 or approximately 31%. The primary reduction in Fund Balance relates to the anticipated transfer of funds to pay for 2-way AMI electric meters.

## FIRE PROTECTION FUND

- 1) Fire Department Fund revenue is based on nine cents (\$0.09) fire tax from the property values for Banner Fire District (\$130,635) and a nine cent (\$0.09) fire tax on the property values for the Town of Benson (\$251,460). Additional revenue sources include Johnston County (\$7,500), Harnett County (\$41,000) and Fire Inspections (\$8,000).
- 2) A total of \$456,697,000 is expected to be transferred from the General Fund to the Fire Department Revenue Fund.
- 3) Funds are budgeted to make the annual debt payments on the newest Fire Engine at a cost of \$36,468 and the Fire Station Building at \$77,167.
- 4) As anticipated, debt payments, equipment and staffing costs now exceed the \$0.09 tax revenues. **In order to meet minimum service levels, a total of \$16,102 in Fund Balance has been used to balance the Fire Department Budget.** A Fire District tax increase of \$0.015 to \$0.02 should be considered, no later than FY 17, to avoid a reduction in service levels and/or future gaps in funding.

The FY '15 BFD Budget anticipated the sale of surplus rolling apparatus within the Fire Department. At this time, the truck has not been taken offline and sold. It should be sold and accounted for after July 1, 2015. As a result, the Fire Department anticipates a deficit of (\$7,276) as of June 30, 2015. Correspondingly, the projected carryover for the Fire Department will be \$0.00 and the balance in the Fire Department Reserve Account will also be \$0.00.

## WATER-SEWER FUND

- 1) Water and Sewer Fund revenue is based on approximately 635,000.00 gpd consumption of water and approximately 600,000.00 gpd consumption of sewer.
- 2) At this time, base charges and volumetric rates currently support the needs of the Water and Sewer Fund. Therefore, no adjustments are needed.
- 3) The purchase of a new truck (\$35,000) and a utility body (\$5,000) are reflected in this budget
- 4) The replacement of a tractor (\$24,000) to mow easements (sanitary/ electric) and ROW's is included
- 5) A total of \$27,000 in grant application costs for USDA/ CDBG Water System Phase III funding is included
- 6) A total of \$27,600 for smoke testing of the sanitary sewer system is included
- 7) As required, the budget includes provision for \$213,377 in debt service on the following projects:
  - Dogeye Road Annexation Project (\$45,550)
  - WWTP 18" Aerial Sewer Line (\$18,370)
  - Water System Phase I (\$10,800)
  - Water System Phase II (\$36,865)
  - 2-Way Water Meters (\$29,527)
  - WWTP Expansion Loan (\$113,265)

The projected carryover for the Water-Sewer Fund is approximately \$273,627. The estimated Unrestricted Net Position for the Water-Sewer Fund will be approximately \$1,039,001.

## ELECTRIC FUND

- 1) The Electric Fund budget is proposed at \$4,614,032 reflecting a decrease of \$774,703 over FY 15.
  - The reduction is a result of the ongoing Duke Energy Progress/ NCEMPA generation asset merger, anticipated to close on July 31, 2015.
- 2) A conservative approach has been taken in respect to Power Purchased and Electric Charges (sales).
  - Benson anticipates an 18% reduction in wholesale power purchase costs
- 3) A conservative approach has been taken in respect to retail sales figures
  - A full cost of services study is currently underway with Booth & Associates
  - Results of the study are expected no later than December 1, 2015
  - Retail rate relief is expected to occur no later than January 1, 2016.
- 4) The electric budget does include \$150,000 in system betterment funds
  - These funds would permit the replacement of 500 load management switches
  - The existing 1-way radio switches have exceeded their service life
  - The proposed 2-way NexGrid switches will save Benson an estimated \$75,000 per year
- 5) The full deployment of the 2-way NexGrid meter system is anticipated to occur by the August 2015.
  - The new system will allow for increased efficiency and optimization
  - Outages will be reported in real time and permit quicker response
  - A customer portal is anticipated for January 2016, providing increased data to the end user; allowing customers to reduce their energy consumption and costs.

The projected carryover in the Electric Fund is approximately \$00.00. All remaining cash flow from FY '15 will be used to offset the purchase of 2-way AMI Smart Meters. Therefore, the estimated Unrestricted Net Position for the Electric Fund will remain \$701,564.

## SUMMARY

The FY 2015-2016 Budget continues to address many of the critical infrastructure improvements that are needed within the Town of Benson, primarily in the water and electric systems. Future improvements and funding will be needed to maintain our sanitary and storm water systems.

As we move forward during the next 12-months, serious consideration must be given to the General Fund operations of the Town of Benson. The Fall Budget Retreat is to be held in November 2015; allowing for greater discussion and ample time to assemble the FY '17 Budget. It is the recommendation of this office that we perform a SWOT (*Strengths, Weaknesses, Opportunities and Threats*) analysis related to the overall operational efficiency of our current business model.

Thank you again for the direction provided by the Board of Commissioners. We are poised to address the future needs of Benson while serving our citizens with excellence today.

Respectfully,

Matt Zapp  
Town Manager