



BUDGET MESSAGE

2024-25 Town Manager's Budget Message

Honorable Mayor and Mount Olive Commissioners,

I am pleased to present a recommended budget that represents a renewed commitment to providing quality municipal services and accountable fiscal management for the citizens of the Town of Mount Olive. This budget is prepared in accordance with Local Government Budget and Fiscal Control Act and N.C. General Statute 159-11. The proposed Annual Budget for the Fiscal Year beginning July 1, 2024 and ending June 30, 2025 is balanced and hereby submitted for your consideration.

For the past two years, the Town of Mount Olive faced continuing uncertainties brought on by the COVID 19 pandemic and more recently the sharp rise in inflation. Both of these continue to impact our expenses and are causing drastic increases in otherwise normal costs.

The Town of Mount Olive Commissioners have been laser focused on addressing projected growth and development by continuing to develop strategies to remove the Town out of the sewer moratorium. This moratorium was due to years of neglecting our sewer treatment system. A new focus on keeping our sewer system up to date with grant funding, annual upkeep and maintenance will help the Town move forward from the moratorium.

We have found success in the last few years with acquiring grant funds to assist with the repair and maintenance of our water system in hopes of placing the moratorium behind us. In addition, grants have been awarded to our Town for Downtown Revitalization, low income home rehabilitation and replacement, and others at our Municipal Airport.

- We are nearing completion of a \$5.5 million conversion of our sewer drip fields that did not properly work to a new spray field system to allow more flow of treated wastewater from our plant. The first phase of this project was set to be completed by June 30, 2022 and the second phase was to begin in July of 2022. We have experienced struggles throughout this venture, delaying the completion and trustworthiness of the contractors. Once completed, this will allow our Town to move one step closer to removing ourselves from the moratorium.
- A Storm water Planning Grant (\$220,000) is still underway and will assist the town in the development of a Master Storm water Plan

- The Town was awarded \$15 million American Rescue Plan funded grant with the NC Department of Environmental Quality. 6 million for grant (VUR W ARP 0088) and 8 million (VUR W ARP 0069). These grants will help fund additional projects to improve our wastewater treatment plant and reduce sewer system inflow and infiltration. Any improvements to our wastewater treatment plan will move us closer to ending the moratorium.
- The Town was awarded a Community Development Neighborhood Revitalization Block grant for \$950,000 from the NC Department of Commerce office of Rural Economic Development. This grant has aided in the replacement of 4 low income family homes and make improvements to one additional low income family home in our community. Work has already started on this project and will NOT be expected to be completed before end of FY 24/25.
- A Downtown Revitalization Grant for \$175,000.00 was awarded and should be fully expended during this 24/25 Fiscal Year. This will serve to add beautification to the downtown area.
- The Town was awarded a Farmers Market Grant through NC Commerce but has yet to expend any funds or secure a permanent location for the building. More information will be available on this throughout the Fiscal Year.
- Our newest CDBG grant (22-C-4127) will begin in FY 24/25. The purpose of this grant is to replace 3 single family homes in our low income area as well as rehabilitation one other home. The amount of this grant is \$ 900,000.00
- Construction is well underway on CDBG 20-I-3610 – \$2 million Community Development Sewer Infrastructure Grant from the Division of Water Infrastructure. This project will replace deteriorating sewer lines and manholes in our lower income neighborhoods. Completion is expected during this 24-25 Fiscal Year
- Grant NCEM –TIRG-1019 (Maple and Nelson Street Drainage Project) was granted by the Department of Public Safety and Emergency Management for \$964,100 to help with flood mitigation at Maple, Nelson, and Center St. This grant will fund installation of a culvert under the railroad and drainage to move the water out of town. This area has flooded during storms for many years causing problems for residents and businesses in the area. Completion date should be during FY 24/25.

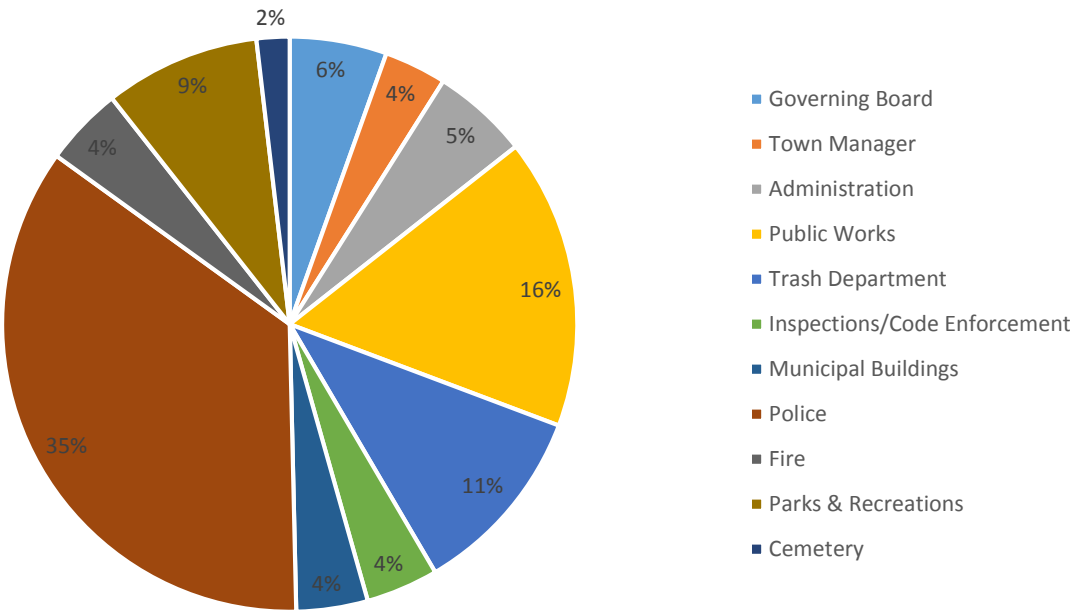
- Our Airport currently has 2 grants in process; one for a new parallel taxiway construction in the amount of \$ 5,821,497 and another for Capital Improvements awarded by NCDOT in the amount of 7.5 million.
- The Town received funding from the American Rescue Plan Act of 2021 Coronavirus State and Local Fiscal Recovery Funds (ARP/CSLFRF) of \$1,458,996.90. Remaining funds were budgeted this year as follows: \$300,000 of these remaining funds to Fund 30 (Water Sewer) in order to make additional needed improvements to our wastewater treatment plant and Water department inflow and infiltration to bring the town out of the moratorium. In addition, these funds will be used for installation of new water meters throughout the entire town and installation / purchase of a new database for capturing water revenues
- Our General (10) Fund will have an addition of \$250,000 allocated from ARPA funds to serve as payment for Public Building upgrades, purchase of needed equipment, and other various General Fund activities.

General Fund Budget Summary

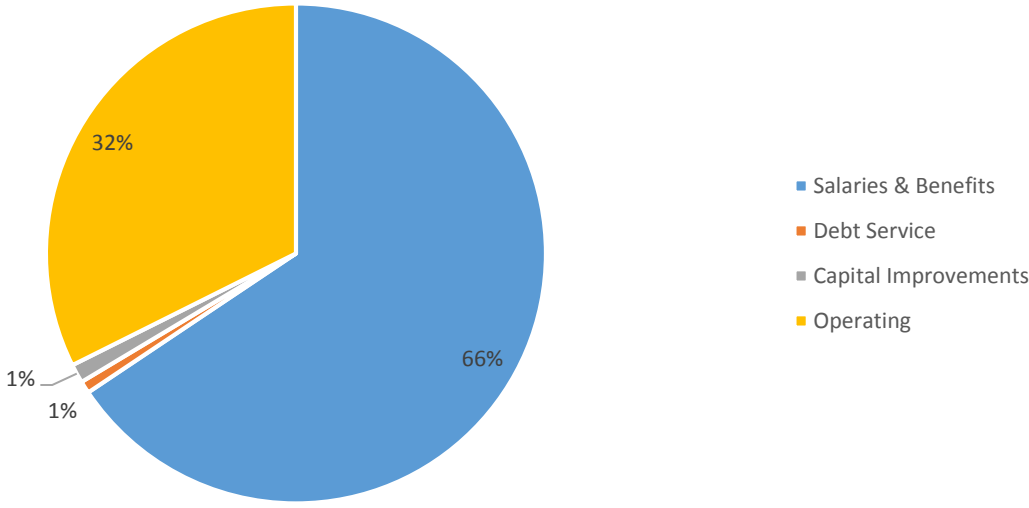
The total recommended General Fund Budget for the fiscal year ending June 30, 2025 is balanced at \$5,279,600.00. We feel that it is prudent to take a conservative approach with General Fund revenues and expenditures even in the light of rising inflation. The chart below is a breakdown of the General Fund expenditures budgeted for the fiscal year by department.

As you can see from the chart below, our employees are our greatest asset making up 66% of our General Fund expenditures. Bonuses of a proposed 1500 per employee are calculated inside these numbers. Although raises are not an option in this year's proposal, the Board of Commissioners has dedicated a focus on retention of Town employees by ensuring that salary studies are completed, job descriptions are updated, and we continue to invest in training and education opportunities to maintain an effective and efficient workforce. This will hopefully offer an assurance to all employees that they are appreciated and valued.

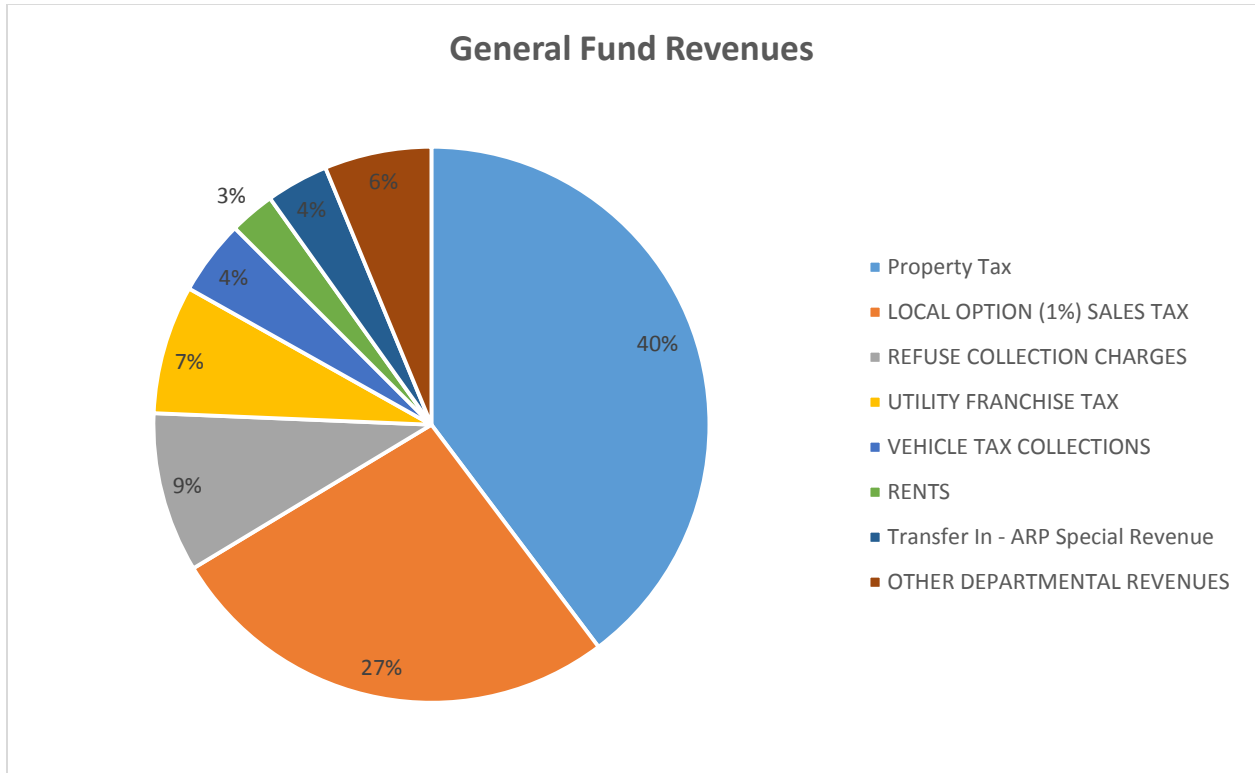
General Fund Expenditures



General Fund Expenditures by Type



For the 2024-2025 fiscal year, there is a proposed .08 cent increase in the property tax rate. Our current rate is 67 cents per \$100 valuation. The rate will go to 74 cents per \$100 valuation. The Town of Mount Olive has done a very good job at keeping expenditures low to avoid any tax rate hikes. This trend will not continue in the future with the increase in inflation and competitive wage rates. Below is a breakdown of the budgeted revenue sources for the General Fund:



Powell Aid Fund Budget Summary

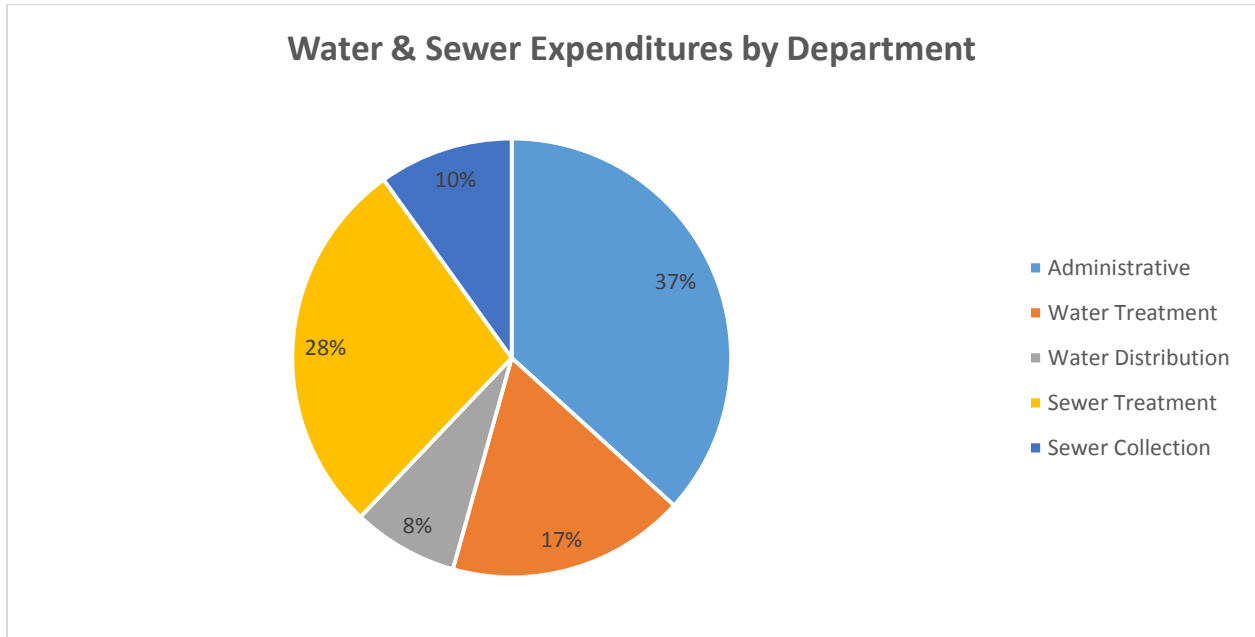
Powell Aid funding is expected to remain flat this year at around \$140,000. Due to increasing costs of street paving, we continue to prioritize projects and make improvements as funds become available.

Water & Sewer Fund Budget Summary

The total recommended Water & Sewer Fund Budget for the fiscal year ending June 30, 2025 is balanced at \$4,099,660.00. There is a proposed 3% increase Water & Sewer rate increases in the budget.

The Town is currently under a water and sewer moratorium. Due to the moratorium, we have increased our efforts to locate inflow and infiltration into our sewer system as well as budget to allow routine maintenance our water and sewer systems. These ideals were on the backburner in prior years; they

are now at the forefront. If we do not maintain these systems, the Town of Mount Olive will never grow in residential and industrial areas.



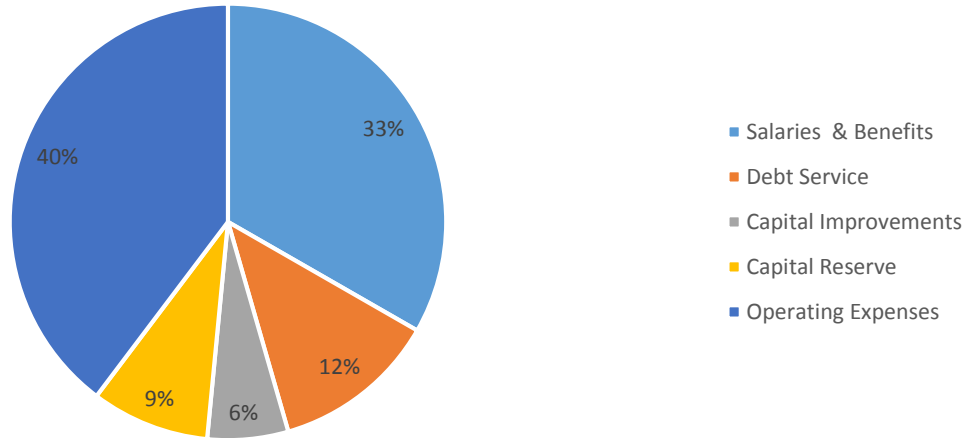
This year's Water & Sewer budget includes increased expenditures for the purchase and installation of new meters and an improved database which should come online during this Fiscal Year. We have also made a concerted effort to properly budget for annual maintenance on our water and sewer systems. These annual maintenance costs will allow our systems to run more effective and efficient. The increased cost of chemicals is included in these proposed numbers. Allocation of funding to our sewer collections department will allow for more smoke testing of our pipes, which will allow us to fix sewer inflow and infiltration problems using our ARP funding. We will also continue to budget improvements to our sewer treatment facility in order to move the Town closer to eliminating the moratorium.

Again, you can see that our employees are a vital part of our Water and Sewer departments.

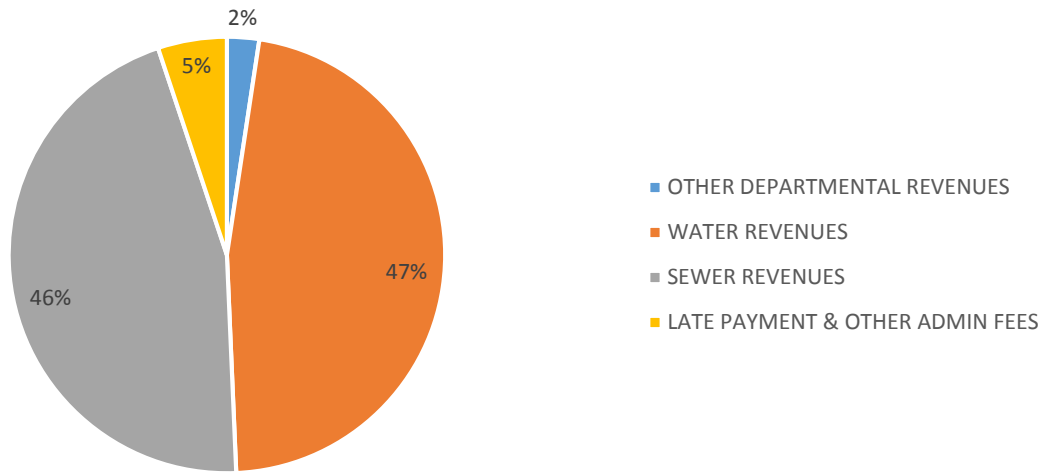
The fiscal year 2024-2025 budget contains a 3% increase in water and sewer rates. We believe this increase in water - sewer revenues will allow us to maintain the system and save for a Capital Improvement Plan for the upkeep and maintenance of the system through the June 30, 2023 fiscal year.

As you can see from the chart below, our employees are our greatest asset making up 66% of our General Fund expenditures. Bonuses of a proposed 1500 per employee are calculated inside these numbers. Although raises are not an option in this year's proposal, the Board of Commissioners has dedicated a focus on retention of Town employees by ensuring that salary studies are completed, job descriptions are updated, and we continue to invest in training and education opportunities to maintain an effective and efficient workforce. This will hopefully offer an assurance to all employees that they are appreciated and valued.

Water & Sewer Expenditures by Type



Water & Sewer Revenues



Conclusion

The Town Commissioners continue to show a laser focused dedication to bringing the Town of Mount Olive off the moratorium. I believe this budget also shows a continued effort to maintain our water and

sewer systems that were neglected in the past. There is also an increased effort to fund our sewer collections department to find inflow and infiltration problems with the sewage system.

The Finance Director and I took a conservative approach to budget predictions making balancing budgets across all funds very challenging this year. That being said, we believe that this budget continues to move the Town of Mount Olive forward and addresses the needs of the community.

Respectfully Submitted,

Jammie Royall
Town Manager