



TOWN OF LEWISVILLE

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June 10, 2021

To: Mayor Mike Horn
Mayor Pro Tempore Jeanne Marie Foster
Council Member Fred Franklin
Council Member Melissa Hunt
Council Member Kenneth Sadler
Council Member David Smitherman
Council Member Jane Welch

Subject: Fiscal Year 2021-2022 Budget Message

Honorable Mayor and Town Council:

Budget Message for Budget as Adopted

Executive Summary

As Town Manager, I am pleased to present the proposed General Fund budget of \$5,312,544 for fiscal year 2021-2022. The budget as proposed includes maintaining the current tax rate of 17.7 cents per \$100 of valuation. This budget shows an increase in the General Fund budget from the previous year budget, as adopted for July 1, 2020, of \$561,059 or 11.8%. This budget as proposed is balanced with \$425,954 in fund balance from the General Fund. This fund balance appropriation represents the costs associated with projects that are not recurring operational costs.

Forsyth County has completed and released new valuation numbers as part of a four year cycle. Tax values for fiscal year 2020-2021 were \$1,432,093,848. According to the Forsyth County Tax Appraisers, the total tax value for the Town of Lewisville for the upcoming fiscal year is estimated at \$1,608,414,955. This is a gain of approximately 12.3% or approximately \$312,100 in Ad Valorem revenue. The estimated Ad Valorem tax revenue for fiscal 2021-2022 is \$2,761,490 with one cent of the tax rate equaling approximately \$156,016.

For fiscal years when there is a property revaluation, the Town produces a revenue neutral rate calculation. This calculation represents the tax rate required for the Town to collect the same amount of property tax revenue as it did in the prior year, using the values determined under the revaluation process.

The resulting revenue neutral rate for fiscal year 2021-2022 is 16.07 cents per \$100 of valuation for the General Fund. The current tax rate for the General Fund is 17.7 cents per \$100 of valuation.

The Town of Lewisville also collects a levy for a municipal service district. The current tax rate is 5 cents per \$100 of valuation. The revenue neutral rate for the municipal service district is 4.49 cents per \$100 of valuation. The proposed tax rate for the municipal service district for fiscal year 2021-2022 is unchanged at 5 cents per \$100 valuation.

The Town Council has been diligent and used sound financial planning to continue its commitment to the citizens of Lewisville to provide the highest standard of services. They have done this while maintaining a level of fund balance to secure future funding opportunities. The available fund balance was \$6,752,793 as of June 30, 2020. This represents a fund balance at approximately 127.11% based on the projected upcoming fiscal year budget for 2021-2022. This measure is well within the guidelines established in the Comprehensive Financial Management Policy adopted by the Town Council.

The Economy

At this time a year ago, in April 2020, the future of the Town's revenues was highly uncertain. Widespread lockdowns were beginning to be instituted across the country, and it seemed entirely possible that the national economy could experience significant disruptions for months to come. After a decline in local sales tax revenues for March, April and May of 2020, local sales tax revenues rebounded in the month of June 2020 and have remained strongly positive in the months since.

In projecting revenues for the 2021-2022 budget, we have followed the guidance of the North Carolina League of Municipalities along with their researchers and economists. They have provided their most conservative projections for how our municipal revenues will emerge in the new fiscal year. As stay-at-home orders are lifted and commercial businesses return to operations reaching pre-pandemic levels, the League is cautiously optimistic about the economic recovery of the nation.

Town Services

The Town of Lewisville stays committed to the continuation of all of its existing services for the upcoming fiscal year to include, parks and recreation, finance, administration, planning and zoning, public works, residential garbage and recycling, storm water management, community policing, and beautification. All services are proposed to continue at current service delivery levels for the upcoming fiscal year.

Capital Reserve Funds

The Town has four capital reserve funds. In the current fiscal year 2020-2021, annual appropriations to all these funds total \$220,825.

At the Town Council planning session, recently held on February 6, Council re-affirmed its desire to proactively support the development of the downtown area, and road and sidewalk improvements throughout the Town, as well as its desire to develop future capital facilities such as the new Mary Alice Warren Community Center.

During fiscal year 2017-2018, the Town Council learned that the North Carolina Department of Transportation plans to assume financial responsibility for the remaining work to be done on the Great Wagon Road to include design, right-of-way acquisition, and construction. As construction of the Great Wagon Road progresses, we anticipate that the Town of Lewisville will participate financially with the NC Department of Transportation (NCDOT) on enhancements such as trees, and streetlights as well as the design and installation of water and sewer infrastructure. The Town currently has \$934,385 saved in a capital reserve fund and \$734,777 available in the Great Wagon Road ROW/Construction Capital Projects Fund. Between the funds in the capital reserve fund and those in the capital project fund, the Town has \$1,669,162 to fund any future expenditures related to the Great Wagon Road. The budget for 2020-2021 suspended the annual contribution to the capital reserve fund due to the uncertainties of the economy during the pandemic. The proposed budget for 2021-2022 reinstates the annual contribution to the capital reserve fund of \$115,000.

The NCDOT has recently changed a policy regarding cost sharing for sidewalk betterments. In the past, the Town of Lewisville would be expected to participate financially in the cost of sidewalks for a project like the Great Wagon Road. As of this year, the NCDOT no longer requires any cost sharing from a municipality for sidewalks that are designed as “complete streets” projects offering various forms of multimodal traffic.

In February, 2021 the Town Council voted to discontinue the design and construction of the Heritage Drive Regional Storm Water Pond #1. The related capital project fund was subsequently closed. With this decision, the Town no longer needs to set money aside in the Storm Water Capital Reserve Fund for future capital projects. As such, I recommend that the Storm Water Capital Reserve Fund be closed and the residual balance of \$404,682 be transferred partly to a newly established capital reserve to accumulate funds for the construction of a public works facility in the Town in the amount of \$234,682 and the remainder \$170,000 be transferred to the Municipal Buildings/Land Capital Reserve Fund. The 2021-2022 budget as proposed also includes an allocation from the general fund to the newly established capital reserve for the construction of a public works building of \$95,000.

The Town borrowed \$2 million to finance the cost of the Mary Alice Warren Community Center. To help meet the debt service costs, the 2021-2022 budget as proposed suspends the annual contribution of \$170,000 to the Municipal Buildings/Land Capital Reserve.

Funding for all of the capital reserves is proposed as follows:

Storm Water Capital Reserve	\$0
GWR ROW/Construction Capital Reserve	\$115,000
Sidewalks/Bike Paths/Greenways Capital Reserve	\$25,000
Municipal Buildings/Land Capital Reserve	\$0
Public Works Building Capital Reserve	<u>\$95,000</u>
 Total	 <u>\$235,000</u>

These contribution changes have made it possible to propose this budget as balanced for fiscal year 2021-2022.

Capital Projects

The Capital Projects that remain in the budget during Fiscal Year 2021-2022 are as follows.

Active Projects

Great Wagon Road ROW/Construction

Gateway Project

Community Center

Roundabout at Lewisville-Vienna Road and Robinhood Road

Non-Active Projects

JWP Maintenance Facility/Playground Expansion

Mary Alice Warren Community Center

In April, 2019 the Town Council authorized the Community Center Capital Projects Fund. The new community center is financed using funds from the Town's Municipal Buildings/Land Capital Reserve Fund, the Storm Water Capital Reserve Fund, a \$2 million bank installment loan, and transfers from the general fund as necessary. The Town plans to complete construction on the new Community Center in September, 2021. It has a current budget of \$4,907,137.

Transportation Projects

The Town will continue design work on the Gateway Project along with right-of-way and construction work in the coming fiscal year. This project is a roadway project to make improvements from the Highway 421 Interchange on Williams Road with improvements continuing on Williams Road between the interchange and the newly constructed roundabout at Shallowford Road and Williams Road. This is a project utilizing federal STP-DA funds. This project has an estimated cost of approximately \$1.5 million. The project will be paid for with 80% of the expected costs coming from federal aid with a 20% match from the Town.

The Town has also been awarded funding for the construction of a single lane roundabout at Robinhood Road and Lewisville-Vienna Road. The project will include necessary sidewalk connections at the roundabout and streetscape, lighting, and landscaping. The project has an estimated cost of approximately \$1,270,000. The project will be paid for with 80% of the expected costs coming from federal aid with a 20% match from the Town.

The Town has also been awarded funding for a CMAQ project to extend the sidewalk along Lewisville-Vienna Road from Riverwood Drive to Robinhood Road. The project will be paid for with 80% of the expected costs coming from federal aid with a 20% match from the Town. The total cost of the project is estimated at \$1,234,411.

Planning

The Planning Board, the Parks, Recreation and Cultural Development Board, and staff desire to engage in work related to two core project areas. The first area would be the redrafting of the Town's Comprehensive Plan. The second area of work would be to reformat the Parks, Recreation and Cultural Development Master Plan. A consulting firm was hired in March 2021 to help accomplish these two goals.

The budget as proposed contains funding to facilitate the continuation of this work in the upcoming fiscal year budget.

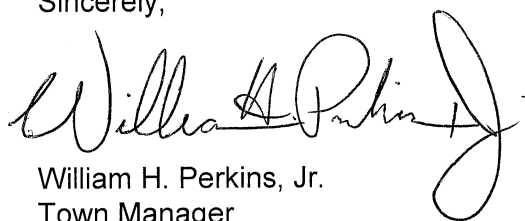
Conclusion

In conclusion, this budget reflects the desire of Council to address the needs of the Town, while being cognizant of economic conditions. Choices made in expenditures were done to meet the priorities and goals of the Council established during the year with the assistance of numerous advisory boards and committees. Over the past few weeks, the Council met to deliberate the proposal set forth, and made adjustments as needed.

I would like to thank the staff for their assistance with the development of this budget and the Town Council for their continued guidance and support.

If I may be of any assistance, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "William H. Perkins, Jr.", written in a cursive style.

William H. Perkins, Jr.
Town Manager