



April 13, 2023

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 2023-2024 Budget Message

The Honorable Mayor and Members of the Town Council:

Executive Summary

As Town Manager, I am pleased to present the proposed General Fund budget of \$6,113,377 for Fiscal Year 2023-2024. The budget as proposed includes maintaining the current property tax rate of 17.7 cents per \$100 of valuation. This budget shows a decrease in the General Fund budget from the previous year budget, as adopted for July 1, 2022, of \$432,685 or 6.6%. This budget as proposed is balanced with \$332,107 in fund balance from the General Fund. This fund balance appropriation represents the costs associated with projects that are not recurring operational costs.

The estimated tax base for the Town, as of April 1, 2023, is \$1,722,712,574 producing estimated Ad Valorem tax revenue of \$2,988,220 with one cent of the tax rate generating approximately \$168,826.

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 proposed tax rate for the municipal service district for Fiscal Year 2023-2024 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 residents of Lewisville to provide a high standard of services. The Town of Lewisville stays committed to the continuation of all of its existing services for the upcoming fiscal year including, but not limited to, parks & recreation, community events, community policing, public works, planning & zoning, finance, administration, residential garbage pick-up & recycling, stormwater management, and road paving & maintenance.

The Economy

It appears that the economic effects of the COVID-19 pandemic have subsided. COVID cases are down and Americans are reporting that they are increasingly more comfortable with activities such as visiting grocery stores, eating out, and attending indoor concerts and events, which is hopefully a positive indicator for economic activity. Unemployment both nationwide and statewide has continued to decline to historic lows. Spending by consumers in North Carolina has roughly kept pace or outpaced nationwide spending since the beginning of the pandemic.

Inflation has been a prevalent issue since the pandemic began. Rising rapidly during 2021, the annual change in the Consumer Price Index (CPI) peaked at 9.1% in June of 2022. While the index has since fallen to approximately 6% as of February of 2023, it is still significantly higher than the Federal Reserve's target of 2%. The high inflation combined with the sustained increases in consumer spending noted above are significant factors in the unprecedented sales tax collections we have seen over the past 2½ years.

In projecting revenues for the 2023-2024 budget, we have followed the guidance of the North Carolina League of Municipalities (NCLM) 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. While economists increasingly worry about a potential recession, the NCLM reports that North Carolina remains resilient and in a better position to weather economic storms compared to the United States as a whole. Steps taken by the Federal Reserve to moderate inflation, and the response of the economy to these steps, will be important factors to monitor in the months ahead.

Capital Reserve Funds

The Town has five capital reserve funds. In the current fiscal year 2022-2023, annual appropriations to all these funds totaled \$920,000.

At the Town Council planning session, recently held on January 28, Council re-affirmed its desire to proactively support key projects ranging from recreation enhancements at Jack Warren Park to road & sidewalk improvements throughout the Town. To help fund these projects, the Town has accumulated the following amounts in its capital reserve funds.

Capital Reserve Funds

| | |
|--------------------------------------|-------------|
| Sidewalks, Bike Paths, and Greenways | \$160,568 |
| Municipal Buildings/Land | \$133,110 |
| Public Works Facility | \$842,331 |
| Parks & Recreation | \$408,240 |
| Great Wagon Road | \$1,073,172 |

As part of the proposed budget for fiscal year 2023-2024, it is proposed to add \$25,000 to the Sidewalks, Bike Paths, and Greenways Capital Reserve Fund. With multiple sidewalk and pathway projects getting underway, it seems prudent to continue contributions to this specific reserve fund.

Capital Project Ordinances

The Capital Project Ordinances that remain in the budget during Fiscal Year 2023-2024 are as follows.

Active Projects

Great Wagon Road Right-of-Way & Construction
Gateway Project
Community Center
Roundabout at Lewisville-Vienna Road and Robinhood Road

Non-Active Projects

Jack Warren Park Facility/Playground Expansion

Transportation Projects

The Town anticipates that construction will conclude on the Gateway Project in the upcoming 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 roundabout at Shallowford Road and Williams Road. The Town has been awarded federal STP-DA & STBG-DA funding of \$2,883,207 to be used on the project that has an estimated cost of approximately \$3,874,874. The Town contribution to this project is estimated at \$991,667.

The Town will continue design work on the roundabout project at Robinhood Road and Lewisville-Vienna Road. This project is the construction of a single-lane roundabout at Robinhood Road and Lewisville-Vienna Road. The project will include necessary sidewalk connections at the roundabout along with streetscape work, lighting, and landscaping. The Town has been awarded federal STP-DA funding of \$2,241,188 to be used on the project that has an estimated cost of approximately \$2,801,485. The local match for this project is estimated at \$560,297.

The Town has also been awarded funding for a CMAQ (Congestion Mitigation & Air Quality) project to extend the sidewalk along Lewisville-Vienna Road from Riverwood Drive to Robinhood Road. The Town has been awarded CMAQ funding of \$1,413,162 to be used on the project that has an estimated cost of approximately \$1,766,453. The Town contribution to this project is estimated at \$353,291.

The Town has also been awarded funding for a CMAQ project for sidewalk improvements along Shallowford Road. The Town has been awarded CMAQ funding of \$1,051,734 to be used on the project that has an estimated cost of approximately \$1,314,667. The local match for this project is estimated at \$262,933.

Parks and Recreation Improvements

The Town has been awarded \$230,940 from the North Carolina Parks and Recreation Trust Fund for improvements at Jack Warren Park to include a disc golf course, an amphitheater, and walking trails. The project has a budget of approximately \$481,125. The Town contribution to this project is estimated at \$250,185.

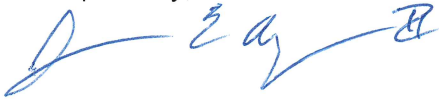
Planning

Town Council previously authorized Town staff and the Planning Board to start the process of updating the Town's Unified Development Ordinance. The budget proposed for Fiscal Year 2023-2024 contains funding to facilitate this work, including performance of professional services by a third-party consultant. Project completion is expected during the upcoming fiscal year.

Conclusion

I would like to express my sincere gratitude to the Mayor and Town Council for their vision and guidance as we worked to develop a budget that would provide resources to implement their policies and address community needs. I would also like to convey my appreciation for the many members of the community who have shared their thoughts and ideas, including those serving on the Town's advisory boards and committees. Next, this budget could not have been prepared without the diligent efforts of the Town's department heads and key team members, with special mention going to the Finance Director for her outstanding work. Finally, I would like to thank the entire team here at the Town for their hard work and dedication in serving the people of the Town of Lewisville.

Respectfully,

A handwritten signature in blue ink, appearing to read 'James Ayers', with a stylized flourish at the end.

James Ayers, ICMA-CM
Town Manager