



Date: May 21st, 2021

To: The Honorable Mayor Collins,
Members of Town Council and
Community Members

Proposed FY 21-22 Budget Summary

Introduction

This past year has presented tremendous challenges as numerous changes were made to adjust service provision in response to the Covid-19 pandemic. Planning for the next fiscal year has been difficult with the economic uncertainties still present as the pandemic hopefully nears its end. Despite this adversity, I can assure the Council and town residents that your government resources are better understood and positioned for what may lie ahead.

This budget will look very different than those presented to you in the past. We have streamlined several financial and human resource processes which consumed endless hours, limiting our overall productivity, applying the principal of working smarter, not harder. Accounts have been consolidated, eliminating the need to break out an amount attributable to each department.

Revenue

General revenues paid by all residents have been subsidizing the costs of many services. This budget attempts to have those costs borne more by those that use them; therefore, planning development, fire and building fees and fines are being adjusted to be more in line with our neighbors. Train Station rentals will increase and will require a deposit which is refundable if the

facility is left clean. The Town will no longer cover the cost of bank or credit card companies for those individuals who choose to use their services. The Cemetery Board of Trustees has agreed to reimburse the Town on an annual basis for half of our yearly cost to maintain our two cemeteries.

A priority of the Council was to replenish the fund balance which has been used for the last 3 years to cover unplanned expenses and/or revenue shortfalls. The recommended budget begins this process with a 2¢ Real Estate Tax increase (\$100,000) dedicated to the fund balance with the goal of increasing that fund by \$500,000 over the next five years.

Local taxes increased by \$227,500 with \$122,000 of that amount being the result of a 15¢ per pack increase in the Cigarette Tax which will make the tax 40¢ per pack. This increase is in line with the planned implementation of a cigarette tax in counties for the first time. For reference, Dublin has proposed 67¢ per pack. Meals tax, local sales tax, and business licenses have also produced additional revenue. Revenue from other funds has been eliminated as this account relied on transfers from the fund balance and a payment from the Water Fund.

Grant funding which has restricted use has been moved out of the general fund to separate accounts to ensure that those funds are properly spent, which results in a reduction in the overall budget of \$566,694. Police checking accounts for various grants have also been removed from the General Fund and placed in grant accounts (\$103,597). The elimination of Federal Aid is associated with the removal of these 8 grants. State Categorical Aid is reduced with the planned completion of the Downtown grant.

Expenses

An example of account consolidation is worker's compensation, which has an annual premium. Rather than each department having a line item for worker's compensation, it has been centralized under a single line item. All insurance accounts have been placed in the administrative services account as has the Town's share of central dispatch (\$392,000) which was formerly in the contribution account.

Funding for a grant administration position is included to better monitor the multiple grants the Town currently has as well as future grants. Directly related to successful grant administration, this budget implements a policy of funding required local match when grants are accepted. The Engineering Department budget includes the \$40,000 match as our contribution to the \$2,176,294 Commerce Bridge Project (VDOT funds). An additional \$191,000 of VDOT funds, previously allocated to balance the budget in departments supporting Public Works, will now be used to expand our paving and sidewalk programs.

Town support of government organizations outside of government continues with \$189,671 dedicated to 9 agencies including Pulaski on Main which has achieved non-profit status and the Ratcliffe Museum where the Town is eliminating a part-time staff position and shifting responsibility to the Museum board for oversight of the employee and the Museum's operation.

Council spent many hours discussing a 5-year Capital Plan which demonstrates the need for ongoing financial commitment to maintaining our infrastructure and equipment. I am pleased to

report that this budget begins establishing a capital reserve fund (\$100,000), similar to that recommended by the consultant for our water and sewer funds. Funds are also allocated under the Town-Wide Projects line item for repair of 72 East Main Street to enhance its marketability and the purchase of a dump truck, replacing one that is 28 years old.

The Town is fortunate to have a dedicated staff of less than one hundred individuals. To a person, they have stepped up to the challenges of this past year as well as the internal adjustments needed in their roles. I wish we could reward their dedication in a bigger way but with limited financial resources and uncertainty regarding the future, this budget is balanced with increasing each full-time employee's salary by \$1,000. This salary increase is considerably less than neighboring localities are recommending, but provides the greatest benefit to the lower grade employees. The last time your employees received an adjustment to their salary was in November 2019.

Water & Sewer Funds

These two enterprise funds have been evaluated by a consultant, resulting in several recommendations in the FY 22 budget that will result, over time, in sound financial health to support long overdue improvements to our infrastructure. These systems are over a hundred years old and have suffered from a band aid approach for many years. To ensure the availability of funds to address immediate as well as long-term projects, we will establish fees that will not only support day to day operations, but will begin the journey to achieve the following financial goals: establishment of an operating reserve of at least 90 days, a capital reserve of \$500,000 and debt service coverage equal to 130% of debt service.

For a 5-year plan to reach these goals requires an 8% increase in both water and sewer rates and fees for FY 22 and similar increases in out years. Current and future projects will rely on both cash and debt financing as well as grants to accomplish the lengthy list of needs, similar to planned improvements to the Brookmont water system and the Direct Injection project supporting James Hardie, our largest water and sewer customer. Major improvements are scheduled for West Main Street to provide adequate water service for sprinkler systems as more developers seek upper floor residences over first floor businesses.

Two plant operator trainees are included in the Water Fund budget to improve the efficiency of our water plant equipment and reduce overtime costs, allowing the plant to operate on a 24/7 schedule.

Conclusion

The FY 21-22 budget development process has been a real learning experience for all.

Department heads have been actively involved in preparing departmental and capital budgets.

The unexpected departure of our Finance Director required all of us to become finance experts overnight. Jackie Morris and Brady Deal deserve a lot of credit for becoming students and practitioners at the same time!

There are positive signs of progress each day. Several young entrepreneurs have opened stores in our downtown and beyond. Prospects visit weekly and the Planning Commission is energized around an update to the Town's Comprehensive Plan. Building inspections and zoning requests are on the rise.

There are still a lot of unknowns as we approach the new fiscal year, not the least of which is what the American Recovery Act will provide to assist the Town and the community in its recovery from the 15-month pandemic period, but I am confident we are ready to meet the challenges ahead given the outstanding performance of your dedicated staff to date. The FY 21-22 proposed budget puts in place financial goals, that if followed, will provide the platform for future success. While the pandemic has caused all of us to change, it has also caused us to rethink how we do business and to implement new ideas. Pulaski is definitely on the rise!



Proposed Budget FY 2021-2022

General Fund Revenues	FY 2020-2021	FY 2021-2022
Total Property Taxes	\$ 2,677,500.00	\$ 2,947,931.00
Total Local Taxes	3,169,500.00	3,397,000.00
Total Permits	23,100.00	28,700.00
Total Fines and Forfeitures	26,500.00	12,500.00
Total Recreational Charges	19,000.00	10,000.00
Total State Non-Categorical Aid	12,500.00	10,000.00
Total State Categorical Aid	2,945,333.40	2,512,504.00
Total Federal Aid	116,164.00	0.00
Miscellaneous Revenue	169,632.00	23,400.00
Total Rental of Property	10,488.50	20,240.00
Total Transfer from Other Fund	219,708.08	0.00
Total Recovered Cost	45,500.00	47,500.00
Total Other Financing Sources	26,000.00	36,000.00
Total General Fund Revenues	\$ 9,460,925.98	\$ 9,045,775.00

General Fund Expenditures		
Total Town Council	\$ 45,903.20	\$ 45,303.20
Total Clerk of Council	76,181.12	80,294.29
Total Mayor's Office	7,309.00	7,259.00
Total Town Manager's Office	360,618.11	306,241.28
Total Community Development	137,615.92	224,292.44
Total Finance	487,714.99	550,128.26
Total Administrative Services	322,698.00	923,341.00
Total General Engineering	257,680.29	298,130.27
Total Contributions	472,106.00	189,671.00
Total IT Department	157,000.00	157,000.00
Total Police Department	2,681,731.03	2,404,931.06
Total Fire Department	839,524.75	831,494.23
Total Building Inspection	173,865.56	146,547.84
Total Highways, Streets, Bridges-Ineligible	223,992.12	223,697.58
Total Highways, Streets, Bridges-Eligible	1,478,326.58	1,669,058.52
Total Refuse Disposal	2,600.00	3,200.00
Total General Property Maintenance	170,675.87	197,237.20
Total Cemeteries	19,671.00	24,571.00
Total Gatewood Park	17,500.00	9,000.00
Total Senior Center	88,484.73	90,221.24
Total Motor Vehicle Maintenance	73,451.95	67,114.86
Total Debt Service	289,626.00	265,640.73
Total Inter-fund Transfers	7,500.00	0.00
Total Capital Outlay	34,085.00	0.00
Total Train Station	12,850.00	15,400.00
Total Ratcliffe Museum	30,165.85	0.00
Total Town Wide Projects-Capital	182,812.91	316,000.00
Total Other Financing	284,127.00	0.00
Total EPA Brownfields	42,543.00	0.00
Total Downtown Revitalization	524,151.00	0.00
Total General Fund Expenditures	\$ 9,460,925.98	\$ 9,045,775.00

Water Fund Revenues	FY 2020-2021	FY 2021-2022
Total State Non-Categorical Aid	0.00	0.00
Total Miscellaneous Revenue	\$ 5,500.00	\$ 27,000.00
Total Transfers from Other Depts.	7,500.00	0.00
Total Utility Collections	2,072,000.00	2,220,900.00
Total Debt Proceeds	0.00	0.00
Total Water Fund Revenues	\$ 2,085,000.00	\$ 2,247,900.00

Water Fund Expenditures		
Total Debt Service	\$ 253,018.00	\$ 358,638.00
Total Transfers	94,998.00	0.00
Total Capital Outlay	243,000.00	115,016.00
Total Water Trans. & Distribution	489,429.57	533,493.21
Total Water Filtration & Purification	941,026.48	1,071,827.59
Total Other Financing	63,527.96	169,925.00
Total Water Fund Expenditures	\$ 2,085,000.00	\$ 2,247,900.00

Sewer Fund Revenue	FY 2020-2021	FY 2021-2020
Total Federal Aid	0.00	\$ 0.00
Total Miscellaneous Revenue	\$ 16,000.00	55,167.00
Total Recovered Costs	26,157.00	0.00
Utility Collections Total	3,557,000.00	3,893,157.00
Total Other Financing	0.00	0.00
Total Sewer Fund Revenues	\$ 3,599,157.00	\$ 3,948,324.00

Sewer Fund Expenditures		
Total Debt Service	\$ 823,772.00	\$ 1,024,263.00
Total Transfers	0.00	0.00
Total Capital Outlay	315,000.00	59,500.00
Total Sewer Collection	322,598.36	320,000.29
Total Pepper's Ferry RWT Authority	2,090,597.00	2,457,470.00
Total Other Financing Uses	47,189.64	87,090.71
Total Sewer Fund Expenditures	\$ 3,599,157.00	\$ 3,948,324.00

*General Fund Capital Projects	
Repair to 72 E. Main	\$ 30,000.00
Dump Truck	97,000.00
Total General Fund Capital Projects	\$ 127,000.00

*Water Fund Capital Projects	
Water Line Replacements	\$ 40,000.00
Water Tank (Rehab & Painting)	25,000.00
Transfer to Capital Reserve	100,000.00
Fire Hydrant Replacement	7,516.00
Replace Pulsator Baffles and Support	19,000.00
Automatic Flushing Hydrants	5,500.00
**West Main Water Line Replacement	626,000.00
Equipment Hauling Trailer	18,000.00
Total Water Fund Capital Projects	\$ 841,016.00

***Sewer Fund Capital Projects**

Inflow and Infiltration	\$	50,000.00
Transfer to Capital Reserve		100,000.00
Replace Controller at Critzer		9,500.00
Total Sewer Fund Capital Projects	\$	159,500.00

*The projects listed above are already included in the proposed budget totals and do not constitute spending in addition to the proposed budget.

**The West Main Water Line Replacement project is debt financed.

Proposed Water Rates

Meter Size	Current In-Town Fixed Charge (FY 21)	Proposed In-Town Fixed Charge (FY 22)	Current Out-of-Town Fixed Charge (FY 21)	Proposed Out-of-Town Fixed Charge (FY 22)
5/8 inch	\$ 13.09	\$ 14.14	\$ 26.19	\$ 28.29
1 inch	\$ 29.27	\$ 31.61	\$ 58.57	\$ 63.26
1 ¼ inch	\$ 42.51	\$ 45.91	\$ 84.98	\$ 91.78
1 ½ inch	\$ 55.71	\$ 60.17	\$ 111.43	\$ 120.34
2 inch	\$ 88.67	\$ 95.76	\$ 177.36	\$ 191.55
3 inch	\$ 187.41	\$ 202.40	\$ 374.82	\$ 404.81
4 inch	\$ 285.75	\$ 308.61	\$ 571.49	\$ 617.21
6 inch	\$ 556.06	\$ 600.54	\$1,112.09	\$1,201.06
8 inch	\$ 881.02	\$ 951.50	\$1,762.05	\$1,903.01
10 inch	\$1,252.19	\$1,352.37	\$2,504.37	\$2,704.72
Volume Charge (per thousand gallons)	Current In-Town Charge (FY 21)	Proposed In-Town Charge (FY 22)	Current Out-of-Town Charge (FY 21)	Proposed Out-of-Town Charge (FY 22)
1 to 20,000 gallons	\$3.41	\$3.68	\$5.88	\$6.35
Next 680,000 gallons	\$2.89	\$3.12	\$4.83	\$5.22
Over 700,000 gallons	\$2.16	\$2.33	\$4.31	\$4.65
Connection Fees	Current In-Town Charge (FY 21)	Proposed In-Town Charge (FY 22)	Current Out-of-Town Charge (FY 21)	Proposed Out-of-Town Charge (FY 22)
Meter Base Installation	\$470	\$507	\$590	\$637
Set Meter Charge (Meter Base Already Present)	\$100	\$108	\$200	\$216

Proposed Sewer Rates

Meter Size	Current In-Town Fixed Charge (FY 21)	Proposed In-Town Fixed Charge (FY 22)	Current Out-of-Town Fixed Charge (FY 21)	Proposed Out-of-Town Fixed Charge (FY 22)
5/8 inch	\$ 19.79	\$ 21.37	\$ 39.57	\$ 42.74
1 inch	\$ 28.50	\$ 30.78	\$ 57.03	\$ 61.59
1 ¼ inch	\$ 35.78	\$ 38.64	\$ 71.54	\$ 77.26
1 ½ inch	\$ 43.22	\$ 46.68	\$ 86.42	\$ 93.33
2 inch	\$ 60.49	\$ 65.33	\$ 120.98	\$ 130.66
3 inch	\$ 107.00	\$ 115.56	\$ 214.00	\$ 231.12
4 inch	\$ 159.35	\$ 172.10	\$ 318.68	\$ 344.17
6 inch	\$ 304.68	\$ 329.05	\$ 609.37	\$ 658.12
8 inch	\$ 482.13	\$ 520.70	\$ 964.27	\$1,041.41
Sewer Service Only (based on 5,000 gallons)	\$ 34.91	\$ 37.70	\$ 63.61	\$ 68.70
Volume Charge				
1000 to 699,000gallons	\$ 7.76	\$ 8.38	\$ 14.15	\$ 15.28
Over 700,000 gallons	\$ 7.43	\$ 8.02	\$ 14.15	\$ 15.28
Connection Fees	Current In-Town Fixed Charge (FY 21)	Proposed In-Town Fixed Charge (FY 22)	Current Out-of-Town Fixed Charge (FY 21)	Proposed Out-of-Town Fixed Charge (FY 22)
Sewer Only (Basic Rate)	\$600	\$650	\$600	\$650