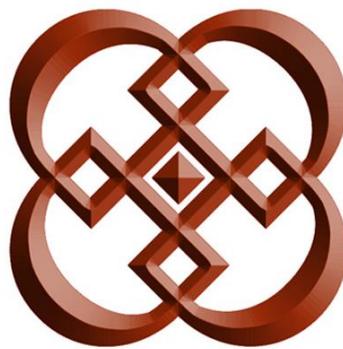
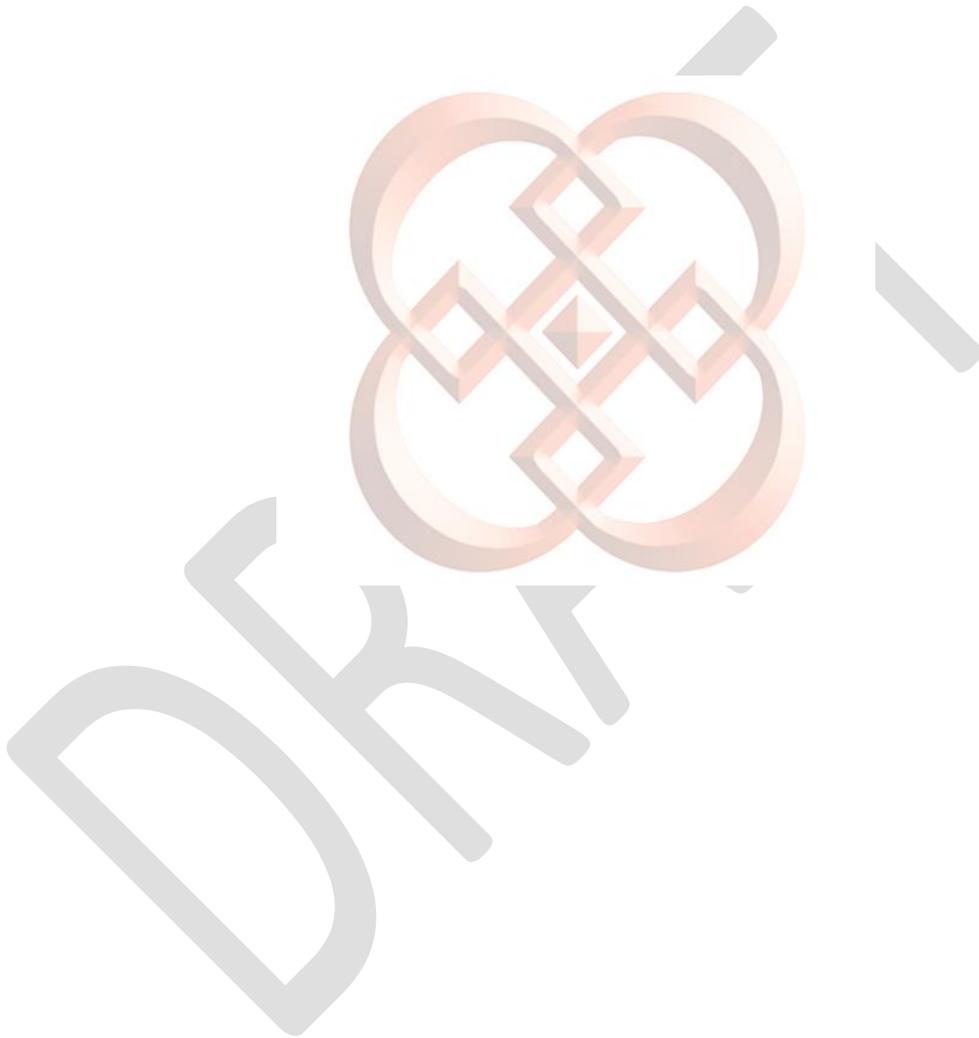


**Fiscal Year
2020-2021**

Manager's Recommended Budget



The **Town** *of*
Davidson



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Mayor and Board of Commissioners

Rusty Knox
Mayor

Jane Campbell
Mayor Pro Tempore

Board of Commissioners

Matthew Fort

Jim Fuller

Autumn Rierson Michael

David Sitton

James E. Justice
Town Manager

Karen E. Whichard
Assistant Town Manager

Pieter C. Swart, III
Finance Director

Davidson Town Hall is located at 216 S. Main St., Davidson, NC 28036



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DRAFT



Dear Davidson Mayor, Board of Commissioners and community members:

Please accept the enclosed Town Manager's recommended FY2020-2021 budget for the Town of Davidson.

In previous years, I would now be able to share with you all the plan to expand funding for strategic items in support of town services for the community. Instead, this year, we are challenged by the global COVID-19 pandemic. The pandemic impacts us here in Davidson, and the town is responding accordingly. I am proud of our team's effort and our response to this challenge.

We began the budget process with a healthy economy resulting in revenue growth enabling the town to consider new and expansion service provision items. In March, as the world began to change, management team shifted to new revenue estimates showing a decrease in consumer spending, tax collections, and other items. This resulted in a budget reduction with no funding for new items and cuts to the existing budget. The team was selective and intentional in making those budget cuts. I have provided a summary of our process at the end of this letter.

The priorities identified with this new budget are to:

- Provide the resources and appropriate response to the COVID-19 pandemic,
- Maintain the services provided to the community, and
- Expand investments in critical infrastructure.

In formulating the budget this year, the overarching strategy is designed to be flexible and responsive to current economic conditions monitored regularly throughout the year. We began with the initial cuts to the budget. We also created a list of items prioritized for consideration halfway through the budget year. These are items that are not funded, but could be considered for funding if economic conditions allow for it at that time. We have taken the plan a step further and identified items currently funded in the budget that could be cut if we see economic conditions worsen. Finally, part of the purpose of unassigned fund balance is to have funds available in emergency situations if the need arises. So, the final part of the plan would be to utilize a portion of unassigned fund balance to ensure a balanced budget throughout the year without cutting too deeply into the services and operations of the town government.

While the budget is monitored on a regular basis under normal conditions, this year the budget will receive additional regular scrutiny. We will monitor revenues and expenses and analyze trends in order to make any necessary adjustments as we progress through the year. This process will involve additional discussions with the town board at regular checkpoints to ensure the financial health of the town.

In our general fund, the police and fire departments are adequately funded, business support funding is retained, and funding for large group activities is reduced. In order to maintain services, it is important to retain

staff and operating dollars needed to provide these services. For infrastructure projects, there are long identified needs that should be addressed to be able to adequately provide for the community. Advancing these projects potentially allows the town to be in a position to take advantage of a more favorable construction market – this could save the town money by stretching our dollars further.

This year, we are pleased to outline a new capital funding strategy and capital improvement plan that we believe is a strategic and financially prudent investment in community infrastructure that has been neglected for some time. These investments include projects contemplated for voter-approved general obligation bond funding.

The town board has typically developed a two-year strategic plan that identifies the priorities for the town to accomplish and serves as a guide for resource allocation decisions. This year will be no different in respect to utilizing a strategic plan. However, the town board's new draft strategic plan was not formally approved by the town board as is customary due to the COVID-19 pandemic. My recommendation is that at some point the town board formally approve this document. However, based on the positive discussion of the draft document, town staff did use the draft as a guide with the formulation of this recommended budget. With the cuts required in this budget, you will note that there are not many of those strategic plan items that received funding at this time. Some of those items show up on the list of items to consider funding halfway through the fiscal year. The good news is that we have a dedicated staff ready to serve. We know there are strategic plan initiatives that staff can work on that requires little to no funding so our approach is to work on what we can until further funding can be appropriated.

The proposed general fund budget is a total of \$12.4 million which is a reduction from last year of 2.4%. The tax rate remains the same at \$.29 per \$100 valuation and there are no recommended fee increases. The \$1 million in the operating budget typically utilized to subsidize Continuum operations is being redirected in this proposed budget. As has been discussed previously regarding capital funding strategy, \$850,000 of that is proposed to be allocated to the new capital improvement plan for debt service in order to minimize any future tax increases. The remaining \$150,000 is proposed to be allocated to the solid waste fund to ensure that the residential solid waste collection fees remain the same and do not increase this year along with the actual cost of providing the service.

I believe this budget is responsive to the COVID-19 pandemic, addresses priorities of the board of commissioners, focuses on essential services and infrastructure provided to the citizens, and is developed in a financially responsible manner.

I would like to thank all staff members of the Town of Davidson for their work in serving the residents of this great community. Thanks also goes to the members of the management team that contributed to the creation of this budget. I would especially like to thank Finance Director Pieter Swart and the finance team for their work.

Sincerely,

James E. Justice
Town Manager

Budget Balancing and Potential Mid-Year Adjustment Strategy

In preparing the recommended FY2020-2021 operating budget, staff pursued a reduction strategy that required closing a \$540,000 gap due to impacts of the pandemic, decreases in grant funding for fire staffing, and the full-year funding required for staff additions from the current fiscal year. To address the gap as well as plan for further changes in sales tax revenue, the following strategies were used:

- Reductions based upon pandemic impacts such as large events
- A series of line item reductions based upon current year actuals
- Cuts in the operating budget that would be restored mid-year, if possible
- A group of budgeted items that are on hold for potential reductions based upon actual revenues
- Identification of high priority needs-list items that could potentially be added mid-year

The items cut for pandemic impacts include Concerts on the Green, Taste of Davidson, contributions to the Arts Project Fund and Arts and Science Council (ASC), and a significant reduction to Christmas in Davidson. These cuts total \$153,200. Line item reductions based upon current year actuals include motor fuels, monies for HVAC maintenance, and street light utility costs. These total \$167,500. Operating cuts identified for potential mid-year restoration include staff travel, board retreat facilitation, street resurfacing, monies for outside legal counsel and IT equipment. These items total \$218,576.

| Balancing Summary | |
|------------------------------------|----------------|
| Travel and Tourism and Events Cuts | 153,200 |
| Line Item Reductions | 167,500 |
| Items for Potential Restoration | 218,576 |
| Total | 539,276 |

Additionally, given the uncertain revenue outlook, especially for sales tax, the recommended budget also includes \$214,500 of items on hold for further evaluation as the fiscal year progresses. This represents an additional 10 percent reduction in sales tax revenue. These items include a police vehicle, Main Street Grants, sidewalk maintenance and police equipment. If there were further revenue challenges, then staff would recommend using unassigned fund balance to maintain core operations.

Two strategic plan items will move forward in the recommended budget. The affordable housing strategic plan will be funded out of the Affordable Housing Fund. Additionally, if the town is successful in receiving grants for the historic preservation master plan, staff will ask the board to consider funding the required match from unassigned fund balance.

Finally, if the revenue outlook improves during the first two quarters of the fiscal year and property tax collections and tax base growth are favorable for FY2021-2022, in addition to the restoration of cut items, staff will ask the board to add the following high-priority items from the needs list:

- Three percent merit pool
- Police Lieutenant (Full Time Equivalent) – convert Patrol Officer position
- Affordable Housing / Equity and Inclusion Position (Full Time Equivalent)

2020/2021 Strategic Plan

The Town of Davidson's two-year Strategic Plan, which is in draft form at the time of this budget development due to the impacts of COVID-19, was created during the town board's strategic retreat in February 2020. In order to achieve the town's mission, the board and town management team identified the strategic goals - broad areas of endeavor that must be addressed if the organization is to make progress towards its vision and mission.

The following strategic goals were identified for the Town of Davidson.

- **A Well-Planned and Livable Community** - Preserve our rural area and create well-planned, dynamic community places with connected progressions between them.
- **Historic Preservation** - Preserve our historic properties that contribute to our vibrant and unique community and honor the history of the lived experiences of our residents.
- **Connecting People and Places** - Expand the town's transportation network to provide residents and visitors with safe, convenient and efficient travel choices to connect people across the community.
- **Operational Excellence** - Provide superior services in an efficient and fiscally responsible manner to our entire community through a professional and committed workforce.
- **Equity and Inclusion** - Work together to create a culture of belonging, address our past inequities, provide opportunities for all, treat everyone with respect and dignity and recognize every voice.
- **Sustainability and Natural Assets** - Implement and encourage innovative solutions to environmental, energy, and climate- based challenges.

As a part of the planning process, strategies were assigned to each goal area. The top 10 areas of focus, which inform the FY2020-2021 budget recommendations, are below. Initially, many of these were anticipated for funding beginning July 1. However, impacts of the anticipated reduction in revenues has put several of these initiatives on hold. Staff will continue advancing the priorities that do not require new funding, but instead are mostly driven by staff time.

1. Develop a historic preservation master plan
2. Establish an affordable housing manager/equity position
3. Use 2017 General Obligation bonds to fund infrastructure improvements
4. Develop land preservation tools and objectives that include:
 - a. Explore a "purchase of development rights program"
 - b. In partnership, create a voluntary agriculture district program in Mecklenburg County
5. Formalize the growth management tiers map and annexation criteria from the Comprehensive Plan into Davidson's Planning Ordinance
 - a. Implement targeted conditional zoning and use the fiscal impact study
 - b. Revisit the water/sewer policy
6. Develop an affordable housing plan
7. Develop a small area plan for downtown
8. Prioritize and implement the mobility plan recommendations for policies and programs
9. Create a tree canopy plan
10. Implement a workforce development plan that addresses succession planning, professional development, and maintaining best practices in each department

BUDGET PROCESS AND ORGANIZATION

The budget process, by design, requires the involvement of many stakeholders.

The Davidson Board of Commissioners and town staff developed the town’s two-year strategic plan in 2020. The development of the FY2021 budget actually began in November 2019. During February and March 2020, town staff considered the merits of budget requests as revenue projections were calculated. Cost estimates were based on historical trends or actual quotes. The proposed budget emerged as expenses were prioritized by needs of the town and alignment with the Davidson Strategic Plan. This budget will be presented at the May 12, 2020 board of commissioners meeting. Although the budget was largely built by the May meeting, changes may be made after a public hearing and additional input from the board of commissioners. Final approval of the budget is planned for the June 9, 2020 board of commissioners meeting.

Document organization

The document reports the manner by which the budget officer has balanced each fund in the **fund overview**. Funds are balanced when revenue sources equal expenditures. **Revenue sources** describe all of the town’s major revenue sources and methods used to project revenue. An **expenditure summary** follows. This summary outlines the town’s expenditures by major category and also explains major changes in the annual spending plan.

FUND OVERVIEW

This section of the budget document provides an explanation of fund accounting, and shows the manner in which all funds collectively and individually are balanced for the coming fiscal year.

Local governments use three broad categories of self-balancing funds to budget for, and subsequently to account for, various activities. Those three types of funds are: *governmental* funds, *proprietary* funds and *fiduciary* funds.

Governmental funds used by the Town of Davidson include:

- General Fund, used to account for general operations and activities of the town
 - Powell Bill Fund, which is a subset of the General Fund, used exclusively for many activities related to streets, sidewalks, and greenways construction and maintenance (Described on p.19).
- Affordable Housing Fund, a *special revenue* fund, used for a particular purpose (Described on p.20).

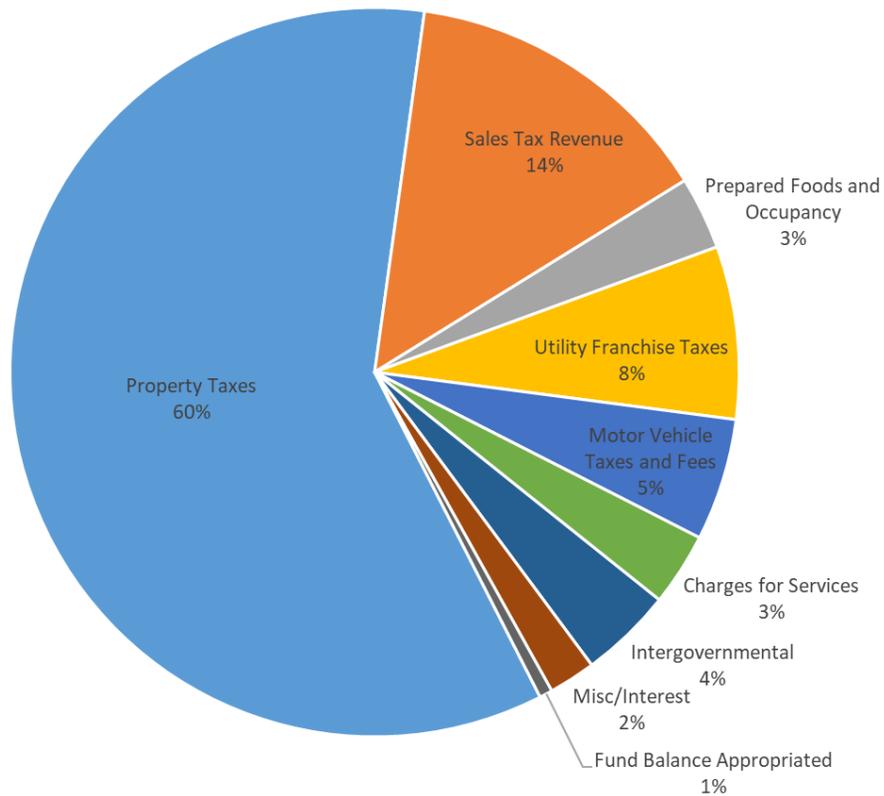
Proprietary funds are used for services provided to the public on a user charge basis, similar to the operation of a commercial enterprise. The town's proprietary, or enterprise funds, include:

- Storm Water Fund, used to fund repairs or damage mitigation resulting from storm water runoff (Described on p.19).
- Solid Waste Fund, used to provide collection of household trash, yard waste, and recyclable materials (Described on p.20).

The tables on the following four pages summarize revenues and expenditures for each of the five funds listed above.

| GENERAL FUND | FY 2017 BUDGET | FY 2018 BUDGET | FY 2019 BUDGET | FY 2020 BUDGET | FY2021 PROPOSED |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUE | | | | | |
| Property taxes | \$ 6,077,275 | \$ 6,267,777 | \$ 6,592,385 | \$ 7,145,583 | \$ 7,378,605 |
| Sales Tax Revenue | 1,662,000 | 1,751,000 | 1,917,000 | 2,035,850 | 1,730,473 |
| Prepared foods & occupancy taxes | 422,000 | 422,000 | 470,000 | 470,000 | 399,500 |
| Utility franchise taxes | 875,000 | 903,615 | 890,667 | 957,000 | 946,831 |
| Motor vehicle taxes & fees | 658,035 | 684,875 | 709,162 | 640,210 | 670,173 |
| Charges for services | 507,304 | 534,900 | 547,000 | 430,250 | 400,250 |
| Intergovernmental | 295,600 | 468,960 | 558,474 | 545,240 | 508,000 |
| Interest on investments | 8,000 | 30,000 | 100,000 | 200,000 | 100,000 |
| Miscellaneous | 16,000 | 5,200 | 95,200 | 97,000 | 157,000 |
| Fund balance appropriated | - | - | 64,100 | 144,450 | 71,000 |
| Total Revenues and Funding Sources | \$ 10,521,214 | \$ 11,068,327 | \$ 11,943,988 | \$ 12,665,583 | \$ 12,361,832 |

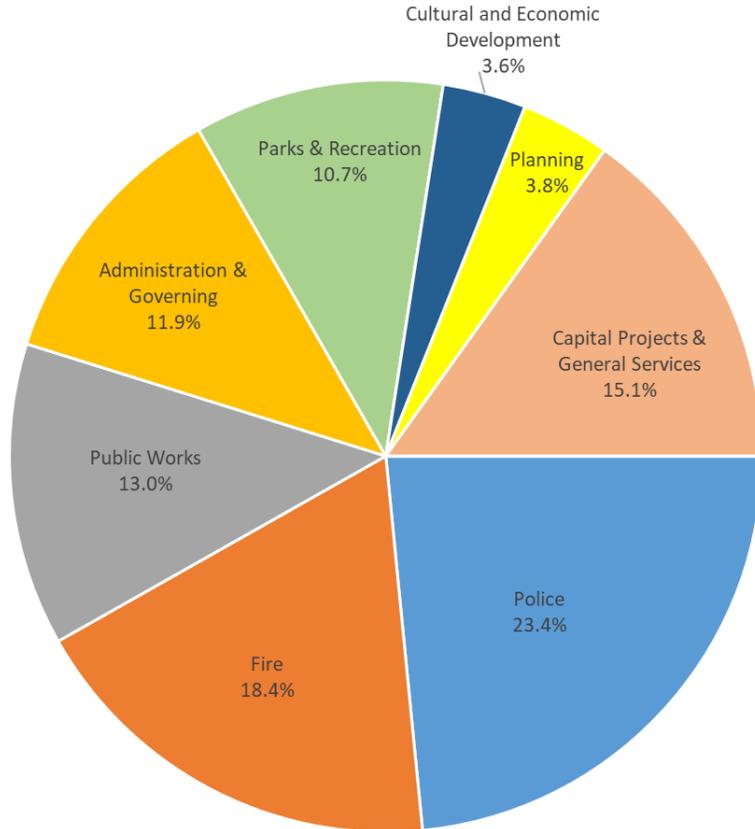
Projected Revenues
FY 2020-2021



EXPENDITURES

| | FY 2017 BUDGET | FY 2018 BUDGET | FY 2019 BUDGET | FY 2020 BUDGET | FY2021 PROPOSED |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governing Body | \$ 128,898 | \$ 117,365 | \$ 99,440 | \$ 123,566 | \$ 95,597 |
| Administration | 973,254 | 996,769 | 1,000,045 | 1,164,926 | 1,217,017 |
| Legal | 136,079 | 152,286 | 153,040 | 162,605 | 157,115 |
| Buildings and Grounds | 208,700 | 241,000 | 281,000 | 461,720 | 577,595 |
| Police Department | 1,938,641 | 2,215,182 | 2,603,171 | 2,734,953 | 2,898,017 |
| Fire Department | 1,198,235 | 1,453,906 | 1,763,477 | 2,036,223 | 2,270,518 |
| Public Works | 1,754,508 | 1,642,729 | 1,697,649 | 1,792,325 | 1,030,771 |
| Planning | 516,597 | 573,635 | 479,305 | 596,300 | 475,818 |
| Economic Development | 446,469 | 263,654 | 255,378 | 151,275 | 155,893 |
| Travel and Tourism | 358,751 | 415,212 | 419,024 | 442,735 | 287,434 |
| Recreation | 398,280 | 407,857 | 419,390 | 336,135 | 391,222 |
| Parks | 836,713 | 943,882 | 911,417 | 950,534 | 935,831 |
| Non Dept & Service Agencies | 426,032 | 344,850 | 461,652 | 449,286 | 373,199 |
| Non Dept - Contribution to Capital Projects | 1,200,057 | 1,300,000 | 1,400,000 | 1,263,000 | 1,495,805 |
| Total Expenditures | \$ 10,521,214 | \$ 11,068,327 | \$ 11,943,988 | \$ 12,665,583 | \$ 12,361,832 |

FY 2020-2021 Budgeted Expense Allocation



Fiscal Year 2020-2021

| POWELL BILL FUND | FY 2017 BUDGET | FY 2018 BUDGET | FY 2019 BUDGET | FY 2020 BUDGET | FY2021 PROPOSED |
|---|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|
| REVENUE | | | | | |
| Powell Bill Revenue | \$ 318,323 | \$ 325,000 | \$ 335,000 | \$ 333,000 | \$ 331,650 |
| Total revenues and funding sources | \$ 318,323 | \$ 325,000 | \$ 335,000 | \$ 333,000 | \$ 331,650 |
| EXPENDITURES | | | | | |
| Engineering | \$ - | \$ - | \$ - | \$ - | \$ 31,650 |
| Street Repair/Resurfacing | 318,323 | 325,000 | 335,000 | 333,000 | 300,000 |
| Total expenditures | \$ 318,323 | \$ 325,000 | \$ 335,000 | \$ 333,000 | \$ 331,650 |

| AFFORDABLE HOUSING | FY 2017 BUDGET | FY 2018 BUDGET | FY 2019 BUDGET | FY 2020 BUDGET | FY2021 PROPOSED |
|--|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------|
| REVENUE | | | | | |
| Fund Balance Appropriated/Transfer from GF | \$ 33,226 | \$ 50,105 | \$ 85,220 | \$ 97,891 | \$ 120,460 |
| Total revenues and funding sources | \$ 33,226 | \$ 50,105 | \$ 85,220 | \$ 97,891 | \$ 120,460 |
| EXPENDITURES | | | | | |
| Personnel | \$ 31,526 | \$ 33,905 | \$ 33,970 | \$ 36,691 | \$ 39,260 |
| Operating | 1,700 | 16,200 | 51,250 | 11,200 | 11,200 |
| Housing Rehabilitation/Preservation | | | | 50,000 | 50,000 |
| Strategic Planning | | | | | 20,000 |
| Total expenditures | \$ 33,226 | \$ 50,105 | \$ 85,220 | \$ 97,891 | \$ 120,460 |

| STORM WATER FUND | FY 2017 BUDGET | FY 2018 BUDGET | FY 2019 BUDGET | FY 2020 BUDGET | FY2021 PROPOSED |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|
| REVENUE | | | | | |
| Storm Water Fees | \$ 218,000 | \$ 218,000 | \$ 245,000 | \$ 250,000 | \$ 250,000 |
| Total revenues and funding sources | \$ 218,000 | \$ 218,000 | \$ 245,000 | \$ 250,000 | \$ 250,000 |
| EXPENDITURES | | | | | |
| Storm Water Contract | \$ 48,000 | \$ 50,600 | \$ 62,000 | \$ 50,000 | \$ 60,000 |
| Contract Services | 120,000 | 133,570 | 146,670 | 163,670 | 156,170 |
| Contingency | 50,000 | - | - | - | - |
| Debt Service | - | 33,830 | 33,830 | 33,830 | 33,830 |
| Equipment Not Capitalized | - | - | 2,500 | 2,500 | - |
| Total expenditures | \$ 218,000 | \$ 218,000 | \$ 245,000 | \$ 250,000 | \$ 250,000 |

| SOLID WASTE FUND | FY 2017 BUDGET | FY 2018 BUDGET | FY 2019 BUDGET | FY 2020 BUDGET | FY2021 PROPOSED |
|---|-------------------|-------------------|-------------------|-------------------|---------------------|
| REVENUE | | | | | |
| Solid Waste Fees | \$ 746,520 | \$ 749,000 | \$ 777,150 | \$ 797,466 | \$ 875,000 |
| Transfer From General Fund | | | | | \$ 150,000 |
| Fund Balance Appropriated | - | - | 90,824 | 158,976 | 30,000 |
| Total revenues and funding sources | \$ 746,520 | \$ 749,000 | \$ 867,974 | \$ 956,442 | \$ 1,055,000 |
| EXPENDITURES | | | | | |
| Contract - Solid waste collection | \$ 573,775 | \$ 614,000 | \$ 734,281 | \$ 821,942 | \$ 915,000 |
| Contract - Recyclables | 131,355 | 135,000 | 133,693 | 134,500 | 140,000 |
| Contingency - Recycling Center | 41,389 | - | - | - | - |
| Total expenditures | \$ 746,520 | \$ 749,000 | \$ 867,974 | \$ 956,442 | \$ 1,055,000 |

REVENUE SOURCES AND ASSUMPTIONS FISCAL YEAR 2020-21

This section of the budget document provides an explanation of the major sources of revenue and means used to project anticipated income for the coming fiscal year.

| GENERAL FUND | FY 2017 BUDGET | FY 2018 BUDGET | FY 2019 BUDGET | FY 2020 BUDGET | FY2021 PROPOSED |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUE | | | | | |
| Property taxes | \$ 6,077,275 | \$ 6,267,777 | \$ 6,592,385 | \$ 7,145,583 | \$ 7,378,605 |
| Sales Tax Revenue | 1,662,000 | 1,751,000 | 1,917,000 | 2,035,850 | 1,730,473 |
| Prepared foods & occupancy taxes | 422,000 | 422,000 | 470,000 | 470,000 | 399,500 |
| Utility franchise taxes | 875,000 | 903,615 | 890,667 | 957,000 | 946,831 |
| Motor vehicle taxes & fees | 658,035 | 684,875 | 709,162 | 640,210 | 670,173 |
| Charges for services | 507,304 | 534,900 | 547,000 | 430,250 | 400,250 |
| Intergovernmental | 295,600 | 468,960 | 558,474 | 545,240 | 508,000 |
| Interest on investments | 8,000 | 30,000 | 100,000 | 200,000 | 100,000 |
| Miscellaneous | 16,000 | 5,200 | 95,200 | 97,000 | 157,000 |
| Fund balance appropriated | - | - | 64,100 | 144,450 | 71,000 |
| Total Revenues and Funding Sources | \$ 10,521,214 | \$ 11,068,327 | \$ 11,943,988 | \$ 12,665,583 | \$ 12,361,832 |

Ad Valorem Taxes
\$7,378,605 or 59.7% of total general fund revenue

Ad Valorem tax, or property tax, income is based on the current tax rate applied to each \$100 in assessed real and personal property (excluding vehicle) value in the town limits. Uses for general ad valorem tax revenue are unrestricted.

The proposed budget sets the effective tax rate at \$0.29 for FY2021. This rate is the same as FY2020. One penny in the tax rate collected from ad valorem property and motor vehicle tax is about \$270,000.

The Mecklenburg and Iredell County tax offices estimate Davidson’s taxable property value (excluding vehicles) to be \$2,589,234,665. The gross general tax levy on the estimated tax value equals \$7,508,781. For budgeting purposes, property tax revenue may not exceed the gross tax levy multiplied by the actual collection rate experienced during the preceding fiscal year. However, based on historic collection rates during severe economic downturns, the collection rate has been reduced. Therefore, based on a 98.00% collection rate, we anticipate \$7,358,605 in revenues from the FY2021 levy. This line item also includes \$20,000 in projected penalties and interest.

Mecklenburg and Iredell Counties bill and collect property tax revenue for Davidson. The collection fee is \$2 per bill for Mecklenburg County and 1.5% of taxes collected from Iredell County property owners. Funds are wired from Mecklenburg County to the town on a daily basis during the months of November, December, January, and February and on a monthly basis during the remaining months. Iredell remits monthly to Davidson all property taxes collected.

Local Option Sales Tax Revenue

\$1,730,473 or 14.0% of total general fund revenue

Sales taxes are authorized by the state and enacted by counties which opt to impose the taxes. All sales tax revenue is collected by the state, and distributed to counties and municipalities monthly.

The NC General Assembly has authorized several sales taxes in Chapter 105 of the General Statutes. Three of the authorizations result in revenue for the town. The first, defined in Article 39, is a one percent sales tax that was originally authorized in 1971. Distribution is based on point of delivery. There are two one-half percent sales taxes – one authorized in 1983 (Article 40) and one in 1986 (Article 42), distributed on per capita basis and point of delivery, respectively.

Each county chooses one of two formulae for distribution of these three authorizations of local option sales taxes. Sales taxes returned to Mecklenburg County and its municipalities are distributed proportionate to ad valorem tax levy. The proportionate share of sales tax revenues between the County and municipalities may fluctuate based on property tax rate increases in the previous year.

Iredell County, on the other hand, has elected a per capita distribution, based on relative population of incorporated and unincorporated areas within the county. Annexations by various municipalities affect this formula, reducing the county's share as annexations occur.

Sales tax revenue estimates are based on projections from the North Carolina League of Municipalities, local economic trends, and historical trend analysis. **Based on the economic decline experienced due to the COVID-19 pandemic, a significant decrease in sales tax collections is projected. A 15% decrease in this revenue is projected for FY2021. This projection will be reviewed periodically during the fiscal year, and additional tiers of cuts have been identified if necessary.**

Motor Vehicle Tax and Fees

\$670,173 or 5.4% of total general fund revenue

Motor Vehicle tax revenue is derived by applying the ad valorem tax rate to the value of motor vehicles registered to owners living inside town limits (\$166,118,219). Vehicles are revalued annually.

In September 2013, the NC *TAX and TAG TOGETHER* system was implemented. Tag renewal notices now also include tax levy and tax and fee will be paid to the state and remitted to the counties for distribution to appropriate taxing governments. The program has resulted in significantly improved collection rates of Motor Vehicle Taxes. This revenue is estimated using vehicle value projections from the Mecklenburg County and Iredell County Tax Assessors.

Davidson charges a Motor Vehicle fee of \$20 per registered vehicle. Revenues are billed on property tax bills and collected by Mecklenburg and Iredell counties. This revenue is estimated based on vehicle count projections from the Mecklenburg County and Iredell County Tax Assessors and a 99.00% collection rate.

Utility and Telecommunications Taxes
\$946,831 or 7.7% of total general fund revenue

The town receives sales taxes collected by the NC Department of Revenue on sales of telecommunications, video programming, home satellite services, electricity and piped natural gas.

As a result of the tax reform legislation passed by the General Assembly in 2013, the general sales tax rate will now be applied to sales of electricity and piped natural gas. The distribution method to municipalities has changed, but with the intent to hold municipalities harmless from the amount cities and towns received in FY2014 distributions. Both of these revenues are highly sensitive to weather and can also fluctuate due to loss of industry or other large facilities or annexations of these types of facilities.

Several years ago, the State of North Carolina discontinued the franchise tax on telecommunication services and put into place a Telecommunications Sales Tax. Distributions to municipalities are based on their past share of the old telephone franchise tax. Therefore, the town continues to receive the static percentage of overall statewide collections irrespective of fluctuations in local communication sales. Historical trend analysis and recommendations by the State of North Carolina, adjusted by local conditions, have also factored into this revenue estimate.

Prepared Foods & Beverage and Occupancy Taxes
\$399,500 or 3.2% of total general fund revenue

The town is authorized to receive prepared foods & beverage tax by general statutes. Only the City of Charlotte and Mecklenburg County received proceeds when this tax was first authorized in 2001. Some years later, the distribution was split so the six smaller Mecklenburg County municipalities received a share of those revenues generated in the town. In 2005, the six towns negotiated the removal of an annual cap so that the towns received 50% of all net proceeds. In FY 2007, the towns' share increased to 65% of net proceeds, and in FY 2012 75% of those net proceeds were distributed to the towns. The remaining 25% would be used by the City of Charlotte for region-wide tourism related projects, programs, and activities. Art and cultural programs, events and festivals are examples of uses of this revenue. The towns' use of this revenue is limited to the same activities.

The City of Charlotte distributes revenues semi-annually. Twenty-five percent of the town's Prepared Foods & Beverage tax receipts are distributed to Visit Lake Norman, the Lake Norman convention and visitor's bureau.

Occupancy taxes are collected by Mecklenburg County and are shared between the county and the municipalities using a complicated formula. Stays in local hotels are taxed at 6%, comprised of two 3% authorizations. The town receives 120% of the second 3% authorization that is locally collected by Davidson hotels, inns, and bed and breakfasts. Therefore, this revenue, like prepared foods & beverage tax, is a barometer of the local economy. These revenue estimates are based on historical trend analysis.

The county distributes revenues monthly. Twenty-eight percent of the town's Occupancy tax receipts are distributed to Visit Lake Norman.

Based on the economic decline experienced due to the COVID-19 pandemic, a significant decrease in sales tax collections is projected. A 15% decrease in this revenue is projected for FY2021. This projection will be reviewed periodically during the fiscal year, and additional tiers of cuts have been identified if necessary.

Charges for Services

\$400,250 or 3.2% of total general fund revenue

Revenue in this category relates to a variety of town activities, such as rental income from town-owned property, payments in lieu of property taxes, recreation programs, parking violations, and permit fees. **This revenue source has been reduced due to the expected decrease in large group activities during FY2021 due to the COVID-19 pandemic.**

Intergovernmental funding sources

\$508,000 or 4.1% of total general fund revenue

The State of North Carolina, Mecklenburg and Iredell counties, and other quasi-governmental agencies share with the town a portion of revenues collected. This funding category includes various grants and contributions for local arts and public safety, transit planning funds, and taxes on the sale of alcoholic beverages.

Fund Balance Appropriated

\$71,000 or 0.6% of total general fund revenue

Fund balance will be used to purchase the vehicle and equipment for the Davidson K-8 School Resource Officer. The contract with Charlotte Mecklenburg Schools will cover the employment cost of the officer.

Fund balance is essentially the town's savings account balance. There are several reasons for maintaining a healthy fund balance, which is expressed as a percent of annual expenditures. Even though the law does not prohibit what fund balance is used for, appropriation of fund balance is a one-time revenue source and should not be used to balance reoccurring expenditures. At the beginning of FY 2020, the town's unassigned fund balance – at \$7.84 million – equaled 54% of FY 2019 actual expenditures, and 62% of budgeted FY 2020 expenses. The town's finance policy, approved in FY 2016, recommends at least a 35% stabilization threshold to ensure adequate funds to meet cash flow needs and emergencies.

The bulk of a municipality's annual revenue is derived from ad valorem property taxes. Because property taxes are not assessed a late penalty until early January, most taxpayers do not pay until near this deadline. Therefore, the town may operate with less cash in the beginning of a fiscal year and recover mid-year. Fund balance provides working capital during the first half of the fiscal year.

Fund balance is often referred to as a "rainy day fund" or "savings account." In this context, fund balance may be seen as a hedge against unexpected changes in financial circumstances. Threats to a community's financial health may stem from adverse weather conditions requiring expensive responses or withholding of revenue at the county or state level. The town is heavily reliant on these other government units for funding disbursements, and budget uncertainties at those levels of government have led to reduced funding in prior years. A local government may be unable to manage such situations without an adequate fund balance.

Another reason to maintain a healthy fund balance is to fund the early stages of major projects until permanent financing is secured. Fund balance provides flexibility regarding timing of the financing. Additionally, fund balance can be used as match funds which are required to qualify for many grant opportunities.

One last advantage to maintaining a strong fund balance position is that lenders view this savings account as a measure of good fiscal management.

Other miscellaneous sources of revenue and Interest Revenue

\$257,000 or 2.1% of general fund revenue

A handful of nominal revenue sources fund town activities, as well as bank interest earnings.

Powell Bill

\$331,650

Originally the Powell Bill allocated a portion of the North Carolina motor fuels tax specifically for municipalities for use in upgrading and maintaining public streets. The State of North Carolina no longer distributes Powell Bill funds based on motor fuel sales. The Powell Bill is now a direct appropriation of state dollars which is to be used by municipalities for the upkeep of municipal streets and sidewalks. These funds are distributed each October and January to municipalities based on population and miles of street. Population counts for 75% of the funds received and miles of streets accounts for the remaining 25% of the allocation.

Based on NC League of Municipalities estimates, Davidson should receive approximately \$331,650 in Powell Bill funding during FY 2021.

Storm Water Fund Revenue

\$250,000

US Congress established the Clean Water Act in 1972 to preserve and improve water quality. Portions of this legislation were delegated to states for implementation and enforcement. In response to the National Pollutant Discharge Elimination System (NPDES) storm water permitting program, the NC General Assembly established certain regulations of municipal storm sewer systems that directly impact Davidson in 2005. Phase II of NPDES requires that Davidson and other NC municipalities provide services to mitigate damage from storm runoff. Davidson first adopted a storm water fee in FY 2005 to offset the costs of storm water repairs and maintenance of its storm drainage system. Generally speaking, revenues have covered these expenses. However, in order to better associate costs with funding for this service, a separate enterprise fund was established in FY2011.

The town has adopted a tiered fee structure for storm water. Impervious surfaces, such as rooftops or paved areas, shed rain water and increase the amount of runoff into streams, storm water drains and onto adjacent properties. The tiered billing system recognizes varying amounts of impervious area and assigns higher costs for higher square footage of impervious area.

| | |
|---|-----------------------|
| Storm Water Fee (below fees are billed semi-annually)* | |
| Tier I: Up to 1,999 square feet of impervious surface. | \$21.06 / year |
| Tier II: 2,000 to 2,999 square feet of impervious surface. | \$31.32 / year |
| Tier III: 3,000 to 4,999 square feet of impervious surface. | \$44.46 / year |
| Tier IV: 5,000 or more square feet of impervious surface. | \$87.84 / year |
| Commercial (per impervious acre) - billed monthly | \$522 / year |
| <i>*Tier: Single-family homes are in 1 of 4 billing tiers based on the property's total amount of impervious surface.</i> | |

Charlotte Water bills storm water fees for the town on semi-annual water/sewer bills. Revenues in FY 2013, FY 2014, and FY 2015 did not meet projected budget, so revenues continue to be evaluated for adequacy. In any given year, revenues may exceed expenditures for that period and will be available for subsequent years to fund repair/maintenance projects or to stabilize rates. In FY 2013, the fund balance in storm water fund was used to fund projects. FY 2014 was budgeted lower as a review of rates was completed during the year. An increase to all rates in the tiered fee structure was implemented in FY 2015 to fund needed storm water repair and maintenance costs and replenish reserve that has been depleted in recent years.

Solid Waste Fund Revenue

\$875,000 fee revenue; \$150,000 from General Fund; \$30,000 Fund Balance

The town provides for collection of several waste streams – residential household trash, yard waste, and recyclable materials. These services are provided exclusively to residential property owners; waste collection at commercial sites is the responsibility of those owners.

Prior to FY 2011, funding for solid waste collection was supplied through the general property tax revenue. In order to assign the costs of solid waste collection to recipients of those services, the town established a solid waste fee schedule that offsets most of the costs associated with these services. A solid waste enterprise fund was created to account for these activities.

Fees are billed and collected by Mecklenburg and Iredell counties on property tax bills, and the fees are remitted to the town along with property taxes collected by the two counties.

The current rates are \$201 per single-family household and \$60 for multi-family dwellings. Both single-family and multi-family collection contracts were competitively bid in FY 2019. The current contract for collection services ends June 30, 2024.

Affordable Housing Fund

\$120,460

The town’s affordable housing program assists homebuyers in purchasing homes that might not otherwise be affordable in Davidson. The town accomplishes this mission, in part, through the staff efforts of an affordable housing coordinator. The affordable housing ordinance requires that developers provide one affordable unit of every eight home sites. If developers choose to not include affordable housing units within their developments, they have an option to provide payments-in-lieu of supplying those housing units. The activities of the affordable housing program are paid from these payments-in-lieu. In the absence of adequate payment-in-lieu reserves, funding is provided through the town’s general fund.

Annual funding received as part of the Mecklenburg County HOME Consortium will be accounted for in the affordable housing fund in FY 2021. The HOME Consortium is a group of local governments and nonprofit organizations that share a pool of HOME resources to develop safe, decent affordable housing for families at or below 80 percent of the Area Median Income. The members of the consortium include Charlotte, Mecklenburg County, Mint Hill, Matthews, Davidson, Huntersville, Cornelius, and Pineville. No budget is recommended until application for funding is approved.

EXPENDITURE SUMMARY FISCAL YEAR 2020-21

This section of the budget document provides the reader an explanation of how the town intends to use General Fund resources during the coming fiscal year.

| EXPENDITURES | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY2021 |
| | BUDGET | BUDGET | BUDGET | BUDGET | PROPOSED |
| Governing Body | \$ 128,898 | \$ 117,365 | \$ 99,440 | \$ 123,566 | \$ 95,597 |
| Administration | 973,254 | 996,769 | 1,000,045 | 1,164,926 | 1,217,017 |
| Legal | 136,079 | 152,286 | 153,040 | 162,605 | 157,115 |
| Buildings and Grounds | 208,700 | 241,000 | 281,000 | 461,720 | 577,595 |
| Police Department | 1,938,641 | 2,215,182 | 2,603,171 | 2,734,953 | 2,898,017 |
| Fire Department | 1,198,235 | 1,453,906 | 1,763,477 | 2,036,223 | 2,270,518 |
| Public Works | 1,754,508 | 1,642,729 | 1,697,649 | 1,792,325 | 1,030,771 |
| Planning | 516,597 | 573,635 | 479,305 | 596,300 | 475,818 |
| Economic Development | 446,469 | 263,654 | 255,378 | 151,275 | 155,893 |
| Travel and Tourism | 358,751 | 415,212 | 419,024 | 442,735 | 287,434 |
| Recreation | 398,280 | 407,857 | 419,390 | 336,135 | 391,222 |
| Parks | 836,713 | 943,882 | 911,417 | 950,534 | 935,831 |
| Non Dept & Service Agencies | 426,032 | 344,850 | 461,652 | 449,286 | 373,199 |
| Non Dept - Contribution to Capital Projects | 1,200,057 | 1,300,000 | 1,400,000 | 1,263,000 | 1,495,805 |
| Total Expenditures | \$ 10,521,214 | \$ 11,068,327 | \$ 11,943,988 | \$ 12,665,583 | \$ 12,361,832 |

Expenditures by category Analysis of trends and changes from prior years

For the purposes of this discussion expenditures have been grouped into five categories:

- Personnel
- Operating
- Capital
- Debt Service
- Non-departmental

The composition of town expenditures varies by year according to available revenue, board priorities, needs, and/or opportunities.

Based on the economic decline experienced due to the COVID-19 pandemic, a 2.9% decrease in expenditures is projected. This budget will be reviewed periodically during the fiscal year to determine if additional cuts are required, or if additional expenditures can be restored. The FY 2021 budget maintains funding for routine maintenance and equipment replacement. **The manager’s recommendation provides the board with a prioritized list of items which includes expenditures cut from the FY2021 budget and “needs” which have been identified to enhance services provided to residents. These include items which support the board of commissioners’ goals and initiatives, as well as implementation of recommendations from the Davidson Strategic Plan, Comprehensive Plan, Economic Development Plan, Mobility Plan, and traffic and marketing studies.**

Personnel expenditures

\$6,887,354 or 55.7% of total general fund expenditures

Personnel expenditures include more than salaries paid to town staff. The cost of benefits paid to town employees or to third parties on behalf of town employees is also captured in this category. Benefit costs are FICA taxes, workers compensation premiums, group health insurance premiums, local government employee retirement (LGERS) funding, unemployment claims, and wellness initiatives.

Increases to the FY2021 benefits include a 1.2% increase to the LGERS employer contribution rate (the LGERS contribution rate is applied to total payroll) and a 9% increase to employee health insurance premiums. On a positive note, the town’s workers compensation premiums were about \$57,000 less than projected due to a significant reduction in claims over a rolling three-year period.

The Police Department budget includes the addition of a School Resource Officer (SRO) for Davidson K-8 that will be funded by a contract with Charlotte Mecklenburg Schools (CMS). Unassigned Fund Balance will be used to fund the one-time vehicle and equipment costs for the SRO position.

Full Time Equivalent Positions by Department

| Department | FTE |
|----------------------|--------------|
| Administration | 8.88 |
| Legal | 0.63 |
| Affordable Housing | 0.38 |
| Police Department | 27.78 |
| Fire Department | 26.08 |
| Public Works | 5.00 |
| Planning | 5.00 |
| Economic Development | 0.50 |
| Travel and Tourism | 1.50 |
| Recreation | 4.00 |
| Parks | 7.00 |
| Total | 86.73 |

The manager’s proposed budget does not include a salary increase pool; however, a 3.0% average increase merit pool is recommended for consideration if the economic impact of the COVID-19 pandemic is less than projected during the FY 2021 fiscal year.

Operating expenditures

\$2,502,239 or 20.2% of total general fund expenditures

In addition to the ongoing operational necessities, the town is still able to accomplish funding for the following:

- \$100,000 – funding for parks repairs and maintenance
- \$85,000 – maintenance of the tree inventory
- \$20,000 – funding for sidewalk repairs

Capital expenditures

\$252,000 or 2.0% of total general fund expenditures

Planned capital expenditures for FY 2019 include:

- \$171,000 – three replacement police patrol cars
- \$71,000 – patrol car and equipment for a School Resource Officer at Davidson K-8
- \$10,000 – greenways project fund

Debt service expenditures

\$851,235 or 6.9% of general fund expenditures

As a percentage of overall general fund expenditures, the level of debt service increased with increase of the debt service of 251 South Street and a fire pumper apparatus.

Non-departmental expenditures

Non-departmental operating

\$301,968 or 2.4% of general fund expenditures

Non-departmental operating includes information technology support and contract services, technology equipment, and tuition reimbursement – expenditures that benefit all town departments as a whole. It also includes funding for our non-profit agency donations.

Contingency

\$71,231 or 0.6% of general fund expenditures

Contingency funding is budgeted for FY 2021 in the event additional expenditure cuts are required due to the economic crisis caused by the COVID-19 pandemic.

Contribution to capital projects/future debt service

\$1,495,805 or 12.1% of general fund expenditures

This department funds several areas of capital needs in the town. It includes \$200,000 for the resurfacing of roads and \$130,000 for new sidewalk projects. This budget also commits \$1,015,805 to fund voter-approved future debt service on the capital projects funded by the 2017 and 2019 G.O. Bond orders. Additionally, a transfer of \$150,000 to subsidize the Solid Waste Fund will avoid an increase to the Solid Waste Fee for residents in FY2021.

FY2021-2025 Capital Improvement Plan

Creating and implementing a five-year Capital Improvement Program (CIP) to fund necessary infrastructure is critical for a community. Capital investment programs help manage the impacts of growth, ensure safety and provide for important quality of life enhancements.

The Town of Davidson’s five-year CIP totals **\$41.9 million** and includes key investments in parks, greenways, streets and public facilities

Strategic Funding Shift

With the development of the FY2021-FY2025 CIP, a key strategic shift has been implemented to enable a more proactive approach to using the town’s cash reserves as an important funding tool for the overall CIP.

The new process actively programs 50% of unassigned fund balance above the town’s stabilization threshold as of March 1 into the CIP. These funds will flow into the Community Investment Fund (CIF) and serve as a key funding source for capital improvements. In future budget cycles, plans also include identifying current year operating revenues to allocate to the CIF. However, due to the budget reductions required for FY2020-2021, that portion of the funding strategy is currently on hold but will be revisited in future budget cycles.

For FY2020-2021, **\$831,259** will be allocated to the CIF, leaving **\$0.8 million** in unassigned fund balance for any potential needs that may occur during the year.

| Unassigned Fund Balance as of March 1, 2020 | |
|---|--------------------|
| Stabilization Threshold Amount | \$4,432,954 |
| Community Investment Fund | \$831,259 |
| Additional FY2020 Projects | \$565,000 |
| Unassigned Fund Balance | \$801,259 |
| Total | \$6,630,472 |

The CIF funds will be used in the FY2021-FY2025 CIP to advance projects ahead of issuing bond debt. Per Local Government Commission guidelines, infrastructure projects must be designed prior to debt issuance, so the CIF funding will allow for the required design and engineering work for the capital program.

General Obligation Funding

In addition to the creation of the CIF to fund portions of the town’s capital needs with cash above what is needed for ongoing reserves, the FY2021-FY2025 CIP also programs voter-approved General Obligation Debt.

In 2017, voters approved:

- 2017 Mobility \$6 million
- 2017 Parks \$4 million
- 2017 Greenways \$5 million

In addition, in 2019, voters approved \$14 million for the renovation of the current town hall into a dedicated police station and 251 South Street into a town hall and community center.

The proposed CIP programs \$26.7 million in debt issuances over the next five years. In order to issue the debt, the town will work through the important oversight steps with the Local Government Commission, as state statute requires each debt issuance by local governments in North Carolina do to receive their approval. As a part of this process, the town board will need to approve components of the debt issuance beginning this fall.

| G.O. Bond Projected Issuance by Year | | | | | | |
|--------------------------------------|----------------------|------|---------------------|------|---------------------|----------------------|
| Bond Order | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
| 2017 Mobility | \$ 665,000 | | \$ 3,005,404 | | \$ 530,000 | \$ 4,200,404 |
| 2017 Greenways | \$ 1,245,670 | | \$ - | | \$ 3,750,000 | \$ 4,995,670 |
| 2017 Parks | \$ 1,520,000 | | \$ 1,550,000 | | \$ 500,000 | \$ 3,570,000 |
| 2019 Public Facilities | \$ 10,000,000 | | \$ 4,000,000 | | \$ - | \$ 14,000,000 |
| Total By Year | \$ 13,430,670 | | \$ 8,555,404 | | \$ 4,780,000 | \$ 26,766,074 |

Capital Investment Highlights

Investments in Parks

The FY2021-2025 CIP makes key investments in the town parks. Highlights include Phase I of Beaty Park, which would add a lawn called the Grove, restroom and shelter facilities. This project also depends on grant funding from PARTF. At Fisher Farm and Plum Creek Parks, restroom facilities are planned. Also included are an ADA kayak launch at Parham Park, a kayak launch for the Nature Preserve, and a walking pier at Armour Street Park.

Mobility Improvements

Pedestrian and intersection improvements are key projects for mobility needs in the FY2021-2025 CIP. These projects include Pedestrian HAWK signals at the Griffith Street roundabouts, a side path along Beaty Street, pedestrian improvements at Main Street and Griffith, and other pedestrian improvements in the Potts-Sloan-Beaty Corridor. Intersection improvements include North Main at Beaty Road and Davidson-Concord Road at Robert Walker.

Greenway Enhancements

Continuing to build the town’s greenway network is another key focus for the FY2021-2025 CIP. Key projects include a greenway link between River Run and Narrow Passage along the West Branch of Rocky River as well as River Run to Summer’s Walk.

Public Facilities

Design work is underway for the renovation of 251 South Street to create a new town hall and community center as well as reconfigure the current town hall into an expanded police station that provides for improved forensic evidence storage, secure exterior storage and entry, and improved overall functionality. Fire Station 1 will also be upgraded. Additionally, this CIP contemplates future public works and fire facility needs.

Capital Improvement Plan Summary FY2021 – FY2025

| Category/ Department | Description | Funding Source | 2021 | 2022 | 2023 | 2024 | 2025 | Future | Total |
|----------------------|---|----------------|--|-----------|------------|---------|-----------|---------|------------|
| Facilities | Town Center and Public Safety Renovation | Bonds | 10,000,000 | | 4,000,000 | | | | 14,000,000 |
| Parks | Beaty Park (Phase 1 and possible phase 2) | Bonds | 750,000 | | 1,550,000 | | | | |
| | | Grant-PARTF | 500,000 | | | | | | |
| | | Meck County | | | TBD | | | | |
| | | CIF | | | 1,290,000 | | | | 4,090,000 |
| Mobility | Griffith St. Roundabouts - Pedestrian HAWK Signals | Bonds | 665,000 | | | | | 665,000 | |
| Parks | Fisher Farm Park - restrooms, other improvements | Bonds | 300,000 | | | | | 300,000 | |
| Parks | Plum Creek Phase II | Bonds | 300,000 | | | | 500,000 | 800,000 | |
| Greenways | Kincaid Trail Ext. - grant match | Bonds | 175,670 | | | | | | |
| | | Grant | 701,780 | | | | | | 877,450 |
| Parks | Parham Park ADA Kayak Launch | Bonds | | 170,000 | | | | | 170,000 |
| Greenways | Greenway West Branch Rocky River from Fisher Farm to Narrow Passage | Bonds | | 1,070,000 | | | | | 1,070,000 |
| Mobility | Intersection - North Main-Beaty | Bonds | | | 2,000,000 | | | | |
| | | CIF | | | 1,000,000 | | | | 3,000,000 |
| Mobility | Potts Sloan Beaty - Phase 2 - Beaty St. Side Path | Bonds | | | 462,000 | | | | |
| | | Grant-CRTPO | | | 1,848,000 | | | | |
| Mobility | Intersection - Davidson-Concord Rd./Robert Walker Roundabout | CIF | | | TBD | | | | 2,310,000 |
| | | Bonds | | | 343,404 | | | | |
| Mobility | Potts Sloan Beaty - Post Construction Pedestrian Safety | Grant | | | 1,326,000 | | | | 1,669,404 |
| | | Bonds | | | 200,000 | | | | 200,000 |
| Greenways | River Run to Summers Walk | Meck County | | | | | | TBD | |
| | | Bonds | | | | | 3,500,000 | | 3,500,000 |
| Greenways | Grey Road - Wolfe to Abersham Park | Bonds | | | | | 250,000 | | |
| | | CIF | | | | | 2,850,000 | | 3,100,000 |
| Mobility | Main/Concord intersection turn lane extension project | Bonds | | | | | 530,000 | | 530,000 |
| Mobility | Street Resurfacing | GF | 200,000 | 300,000 | 300,000 | 300,000 | 300,000 | | 1,400,000 |
| | | Powell Bill | 600,000 | 300,000 | 300,000 | 300,000 | 300,000 | | 1,800,000 |
| | | UFB - FY2020 | 240,000 | | | | | | 240,000 |
| Mobility | Pedestrian Safety - (RRFBs, Intersection Improvements) | CIF | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | | 750,000 |
| Parks | Nature Preserve Pier/Improvements/Armour St. Walking Pier/Complete Park | Grant in FB | 132,600 | | | | | | 132,600 |
| Intersection | Main St.-Griffith St. Pedestrian Safety Enhancements | TBD | | 500,000 | | | | | 500,000 |
| Sidewalk | Sidewalk West Side of Beaty Street | CIF | | 500,000 | | | | | 500,000 |
| Mobility | Exit 30 landscaping: Roundabouts and Ramps | TBD | | 50,000 | 50,000 | 50,000 | 50,000 | | 200,000 |
| Stormwater | Water Quality Enhancement Project RWP | Grant/StmH2O | | | 75,000 | 75,000 | | | 150,000 |
| Stormwater | Beaty Park Dam Culvert | FEMA Grant | | TBD | | | | | |
| Stormwater | Beaty Park Dam Pipe Replacement | StmH2O | TBD | | | | | | |
| Mobility | Potts/Sloan/Beaty | NCDOT Grant | The intention is for this project to be funded entirely by the NCDOT however it's possible any overage could be expected to be paid for by the town. | | | | | | |
| | | | 2021 | 2022 | 2023 | 2024 | 2025 | | Total |
| | Projected 5-Year Capital Expenditures | | 14,715,050 | 3,040,000 | 14,894,404 | 875,000 | 8,430,000 | | 41,954,454 |

Future Projects

| | | | | | | | | | |
|---------------|--|--------|---------------------------------------|--|--|------------|-------------|-----------|-----------|
| FD | Future FS#1 | TBD | | | | | | 3,500,000 | 3,500,000 |
| PW | Public Works Future Site | TBD | | | | | | 2,900,000 | 2,900,000 |
| Intersection | Intersection Improvements Concord-Pine-Grey | TBD | | | | | | 1,950,000 | 1,950,000 |
| Sidewalk | Sidewalk North Side Concord | TBD | | | | | | 600,000 | 600,000 |
| Greenways | S. Main to Potts /Sloan / Beaty Connector | TBD | | | | | | 200,000 | 200,000 |
| Parks | RWP - Picnic Shelter and Active Play Features | Grant | | | | | | 200,000 | 200,000 |
| Sidewalk | Houston Street Sidewalk | GF | | | | | | 120,750 | 120,750 |
| Sidewalk | Sidewalk S. Side Jetton | GF | | | | | | 100,000 | 100,000 |
| Parks | Davidson Pointe Neighborhood Park | TBD | | | | | | TBD | - |
| Greenways | Greenway Fisher Farm to McConnell Neighborhood | TBD | | | | | | TBD | - |
| Multi-Use Pat | Davidson-Concord Road Side Path - Existing to NC73 | TBD | | | | | | TBD | - |
| Mobility | Walnut St. To Vernon Drive Connector | TBD | | | | | | TBD | - |
| Mobility | Eastway Dr. To South Street Bike Ped Connector | TBD | | | | | | TBD | - |
| Mobility | Hillside Drive to Cathy St. Bike Ped Connector | TBD | | | | | | TBD | - |
| Transit | CATS Bus Stop Enhancements Projects | CATS | | | | | | TBD | - |
| | | | | | | | | | 9,570,750 |
| | | | | | | Allocated | Unallocated | | |
| | G.O. Bond Orders Indicated As Follows: | Yellow | 2017 Mobility (\$6 million) | | | 4,200,404 | 1,799,596 | | |
| | | Green | 2017 Parks (\$4 million) | | | 3,570,000 | 430,000 | | |
| | | Orange | 2017 Greenways (\$5 million) | | | 4,995,670 | 4,330 | | |
| | | Blue | 2019 Public Facilities (\$14 million) | | | 14,000,000 | - | | |

Capital Equipment Schedule FY 2021 - 2025

The town has prepared vehicle replacement schedules for each department based on the useful life of each vehicle class. Based on those schedules, a five-year projection is developed to assist in the budget process.

| Category/ Department | Description | Funding Source | 2021 | 2022 | 2023 | 2024 | 2025 | Total |
|---|-------------------|-------------------|----------------|------------------|----------------|----------------|----------------|------------------|
| PD | Police Cars | GF | 171,000 | 174,000 | 177,000 | 180,000 | 183,000 | 885,000 |
| PW | Work Truck | GF | 32,000 | 65,000 | 46,000 | 35,000 | 35,000 | 213,000 |
| FD | Ladder Truck | Financed | | 1,500,000 | | | | 1,500,000 |
| AD | Vehicle | GF | | 30,000 | | | | 30,000 |
| PW | Dump truck | Financed | | 175,000 | | | | 175,000 |
| PW | Skid-steer Loader | GF | | | 80,000 | | | 80,000 |
| Projected 5-year Capital Equipment | | | 203,000 | 1,944,000 | 303,000 | 215,000 | 218,000 | 2,883,000 |

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Proposed FY2021 Fee Schedule

The fee schedule below includes the various fees charged by the town for defined services.

TOWN OF DAVIDSON FEE SCHEDULE FY 2021
Effective July 1, 2020

| ADMINISTRATION | Approved Fee |
|---|-----------------------|
| Cemetery Plot In-town Resident | \$ 1,500.00 |
| Cemetery Plot Non-resident | \$ 3,000.00 |
| Columbarium Niches In-town Resident | \$ 1,000.00 |
| Columbarium Niches Non-resident | \$ 2,000.00 |
| Filing Fee for Municipal Office (determined by MCBOE and adopted by Town Board) | \$5 Comm./ \$10 Mayor |
| Returned Check Charge | \$ 30.00 |

| ECONOMIC DEVELOPMENT | Fee |
|---|--------------|
| Christmas in Davidson - For-profit vendor | \$ 250.00 |
| Christmas in Davidson - Non-profit vendor | \$ 100.00 |
| Event sponsorships for all events: | |
| Level I sponsorship | \$ 2,500.00 |
| Level II sponsorship | \$ 1,500.00 |
| Level III sponsorship | \$ 1,000.00 |
| Level IV sponsorship | \$ 500.00 |
| Level V sponsorship | \$ 250.00 |
| Vendor fees vary by event | \$50 - \$250 |
| Street Vendor Application - annual fee | \$ 150.00 |
| Business Registration - one time fee | \$ 40.00 |
| Film Production Permit - fee (one-day) | \$ 150.00 |
| - each additional day | \$ 300.00 |

Continued on next page

| PARKS AND RECREATION | Fee |
|--|---------------------|
| Fees for Special Events at the following locations: Village Green, McEver Fields, Roosevelt Wilson, Ada Jenkins, Fisher Farm, Town maintained roads, Town parking lots | |
| Event application, required for all | \$ 20.00 |
| Alcohol Permit Processing Fee (Charged per hour of staff time) | \$25.00 per hour |
| Event Administration Fee (Charged per hour of staff time) | \$25.00 per hour |
| Mowing for Special Event | Cost of Mowing |
| Robocall (For street closure notification) | \$75.00 |
| Road race route review - Review for routes not currently approved | \$ 500.00 |
| Trash Recepticles - Per site | \$ 25.00 |
| Trash Recepticles - Fisher Farm | \$ 50.00 |
| Trash Recepticles - Per recepticle | \$ 7.50 |
| Traffic Barrels/Barriers/Cones - Per Site | \$ 50.00 |
| <i>*Dependent upon impact to grounds and required Town staff involvement</i> | |
| See PD Fee Schedule for Off Duty Police Officers for events | |
| See FD Fee Schedule for Firefighters and apparatus for events | |
| Meeting room use at Parks & Rec facilities - Regular business hours (Non-profit - No Charge) | \$20.00 Per Day |
| Meeting room use at Parks & Rec facilities - After regular business hours | \$25.00 Per Day |
| Cost of employee after regular business hours | \$15.00 Per Hour |
| Primitive Overnight Camping at Fisher Farm (No trailers or recreational vehicles) | \$5.00 Per Tent |
| Rental of Kayak/Canoe Space at Nature Preserve/Parham Park | |
| Resident | \$100 per year |
| Non-resident | \$150 per year |
| Athletic Field use | |
| Light usage (resident) | \$15.00 Per Hour |
| Light usage (non-resident) | \$25.00 Per Hour |
| Youth Sports | |
| Practice | \$10.00 Per Hour |
| Games | \$25.00/hour |
| Adult Sports | |
| Practice without lights | \$10.00/hour |
| Practice with lights | \$20.00/hour |
| Games plus lights | \$40 Per Game |
| Tournament rentals | \$100.00/tournament |
| Each team entered on the tournament bracket | \$ 25.00 |
| Cost per field for lights | \$20.00/hour |
| Field preparation | \$ 35.00 |

Continued on next page

| PLANNING | Fee |
|---|-------------|
| Permits - residential | |
| Detached (Single-family) | \$ 40.00 |
| Accessory structure, addition, or alteration | \$ 40.00 |
| Attached (multi-family per dwelling unit) | \$ 100.00 |
| Site/building foundation | \$ 50.00 |
| Permits - non-residential | |
| Minor (less than 5,000 sq. ft.) | \$ 175.00 |
| Major (5,000 sq.ft.or greater) | \$ 350.00 |
| Site/building foundation | \$ 50.00 |
| Accessory structure, addition, or alteration (less than 5,000 sq ft) | \$ 150.00 |
| Accessory structure, addition, or alteration (5,000 sq ft or greater) | \$ 250.00 |
| Permits - other | |
| Sign permit per sign (fee waived if submitted with an approved Certificate of Appropriateness) | \$ 65.00 |
| Sign package permit | \$ 200.00 |
| Zoning use permit | \$ 40.00 |
| Demolition permit | \$ 40.00 |
| Temporary use permit | \$ 100.00 |
| Temporary use permit - construction trailer/sales office/tent | \$ 40.00 |
| Plan review | |
| Master plan | \$ 1,000.00 |
| Conditional master plan (<u>plus costs</u>) | \$ 2,000.00 |
| Individual building | \$ 750.00 |
| Conditional planning area single family residential on an individual lot (<u>plus costs</u>) | \$ 750.00 |
| Master plan or conditional amendment not substantial (as defined by Planning Ordinance) (<u>plus costs</u>) | \$ 300.00 |
| Master plan or conditional amendment substantial (as defined by Planning Ordinance) (<u>plus costs</u>) | \$ 750.00 |
| Erosion Control Plans (ESC) - Residential Lot | \$ 75.00 |
| Erosion Control Plans (ESC) - Commercial Lot | \$ 150.00 |
| As-Built Plans | \$ 50.00 |
| Revisions to approved plans (RTAP) | \$ 250.00 |
| Plat Review | |
| Exempt subdivision | No Fee |
| Preliminary plat | \$ 1,000.00 |
| Final plat | \$ 400.00 |
| Site plan review | \$ 500.00 |
| Plat amendment/re-combo | \$ 75.00 |

Continued on next page

| PLANNING (Continued) | Fee |
|--|----------------|
| Application to boards and commissions | |
| Design Review Board | \$ 500.00 |
| Design Review sign package within a traditional neighborhood development or historic district | \$ 300.00 |
| Design Review Board consent item or minor alteration or addition | \$ 100.00 |
| Certificate of Appropriateness in an historic district, including sign or vendor cart | \$ 75.00 |
| Board of Adjustments variance | \$ 500.00 |
| Board of Adjustments appeal | \$ 500.00 |
| Other | |
| Required parking space: Payment-in-Lieu for each space in the Village Parking Overlay District (per DPO Section 2.3.3 & 8.3.3) | \$ 3,000.00 |
| Required Sidewalk: Payment -in-lieu for each linear foot | \$ 50.00 |
| Required multi-use path: Payment-in-lieu for each linear foot of a property's frontage in Scenic Byway Overlay District (per DPO Section 2.3.10) | \$ 47.50 |
| Required open space: Payment-in-lieu for each acre in Rural Planning Area (per DPO Section 2.2.15.D) | |
| Tier 1: Acreage Balance Owed: First 10 Acres | \$ 49,303.75 |
| Tier 2: Acreage Balance Owed: Next 40 Acres | \$ 42,815.00 |
| Tier 3: Acreage Balance Owed: Next 50 Acres | \$ 34,573.75 |
| Tier 4: Acreage Balance Owed: Over 100 Acres | \$ 28,111.25 |
| Tree Planting/Preservation: Payment-in-lieu for each square foot (DPO Sections 9.3.1 and 9.3.2) | \$ 6.00 |
| Zoning verification | \$ 50.00 |
| Text or map amendment | \$ 500.00 |
| Vested rights | \$ 300.00 |
| Any permit, application, or submittal after the fact | Double the fee |
| Annexations | \$ 150.00 |
| Small Cell Wireless Facilities | |
| Technical Fee, Per Application | \$ 600.00 |
| Per Facility Fee | \$ 100.00 |
| Affordable Housing (Per Unit) | |
| Payment in Lieu - developments approved 2001 - June 2007 | \$ 26,550.00 |
| Payment in Lieu - developments approved June 2007 - 2008 | \$ 30,475.00 |
| Payment in Lieu - developments approved 2008 - May 26, 2015 | \$ 34,700.00 |
| Payment in Lieu - developments approved after May 26, 2015 | \$ 26,550.00 |
| Payment in Lieu - developments approved after August 27, 2019 | \$ 35,260.00 |

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| POLICE | | Fee |
|---|--|-----------------------------------|
| Abandoned vehicle removal | | Cost of towing and storage |
| Animal license (citizens over 60 years of age are exempt from the fee) | | \$ 10.00 |
| Parking Ticket | | \$ 30.00 |
| Parking Ticket Convenience Fee (Applicable to all Parking Tickets) | | \$ 3.00 |
| Parking Ticket Late Fee (Charged to all tickets not paid within 30 days) | | \$ 30.00 |
| Alarm registration | | No Fee |
| False alarm incident schedule: | | |
| 1 & 2 false alarms | | No Fee |
| 3, 4 & 5 false alarms | | \$50 each |
| 6 & 7 false alarms | | \$100 each |
| 8 & 9 false alarms | | \$250 each |
| 10 + false alarms | | \$500 each |
| Privilege tax for motor vehicles | | \$ 20.00 |
| Taxicab Permit per Taxicab | | \$ 50.00 |
| Fingerprinting | | \$ 10.00 |
| Use of Off Duty Police Officer for events, if requested by applicant - minimum of 4 hours per officer | | \$30.00/Hour |
| Use of Off Duty Police Officers requiring a police supervisor - minimum 4 hours per supervisor | | \$35.00/Hour |
| Use of Police Cruiser when Off Duty Police Officers are used for events | | \$10.00/Hour |
| Peddler's & Hawker's Application Fee | | \$25.00 per day |
| Police records request | | See reproduction costs |

| FIRE DEPARTMENT | | Fee |
|---|--|----------------------|
| Use of Off Duty Officers and Firefighters for events, if requested by applicant | | \$27.00/hour |
| Use of apparatus for events, if requested by applicant: | | |
| Fire truck | | \$90.00/hour |
| Ladder truck | | \$150.00/hour |
| Vehicle | | \$13.00/hour |
| ATV and Trailer | | \$10.25/hour |
| Boat | | \$14.00/hour |

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| PUBLIC WORKS | | Fee |
|---|---|-----------------|
| Set-up Traffic Barrels/Barriers/Cones - Per Site | | \$ 50.00 |
| Solid waste fee - single family home - billed annually | | \$ 201.00 |
| Solid waste fee - multi-family home - individual billed annually | | \$ 60.00 |
| | Oakhill Apartments | \$ 4,320.00 |
| | Lakeside Apartments | \$ 3,000.00 |
| Abatement of public health nuisances | | cost of removal |
| Storm Water Fee (below fees are billed semi-annually)* | | |
| | Tier I: Up to 1,999 square feet of impervious surface. | \$21.06 / year |
| | Tier II: 2,000 to 2,999 square feet of impervious surface. | \$31.32 / year |
| | Tier III: 3,000 to 4,999 square feet of impervious surface. | \$44.46 / year |
| | Tier IV: 5,000 or more square feet of impervious surface. | \$87.84 / year |
| Commercial (per impervious acre) - billed monthly | | \$522 / year |
| <i>*Tier: Single-family homes are in 1 of 4 billing tiers based on the property's total amount of impervious surface.</i> | | |

| REPRODUCTION COST | | Fee |
|---------------------------------------|--|----------|
| 8 1/2" x 11" (Black & White) per page | | \$ 0.25 |
| 8 1/2" x 11" (Color) per page | | \$ 0.50 |
| 11" x 17" (Black & White) per page | | \$ 0.75 |
| 11" x 17" (Color) per page | | \$ 1.00 |
| 18" x 24" (Black & White) per page | | \$ 2.00 |
| 18" x 24" (Color) per page | | \$ 10.00 |
| 24" x 36" (Black & White) per page | | \$ 5.00 |
| 24" x 36" (Color) per page | | \$ 15.00 |
| 36" x 48" (Black & White) per page | | \$ 10.00 |
| 36" x 48" (Color) per page | | \$ 20.00 |
| CD or Electronic Media | | \$ 10.00 |
| Planning Ordinance | | \$ 75.00 |

