



Town of Cornelius
FY 21
(July 1, 2020 – June 30, 2021)

Manager's Recommended Budget

June 1, 2020

CMP Vision Statement

Cornelius is a vibrant and inclusive small community on Lake Norman dedicated to promoting the highest quality of life for all residents.

Organizational Mission:

The Cornelius Way: Going above and beyond to serve our community with excellence.

General Fund

- ❖ Property Tax is the largest component of Town revenue (~\$16.2M; 62% of revenues)
- ❖ Cornelius assessed value projected for FY 21 is \$7.53 billion which is an increase of 2.41%
- ❖ Sales tax is the 2nd largest revenue component (~\$3.1M; 13% of revenues)
- ❖ No property tax increase proposed for FY21.
- ❖ Projecting \$1.78M drop in revenues due to COVID-19. Most revenues will be impacted. (Property tax, Sales tax, Tourism, Powell Bill, etc.)
- ❖ Projecting \$299K contribution to Fund Balance.

Expenditures

❖ Personnel

- ❖ Reduced personnel expenditures to offset COVID-19 revenue loss (\$88K)
- ❖ No increase for Health Insurance (18 months) (\$0)
- ❖ Merit pool at average 3% (\$213K) to remain competitive with our market.
- ❖ Full-Time Town Firefighters ½ year (2 positions, 6 FTEs) as per CPSM & Town Manager recommendation. (\$187K)
- ❖ HR Director ½ yr. (\$53K)
- ❖ PARC PMT ½ year (~net zero cost)
- ❖ Part-Time Animal Control Officer (\$17K) as per CPSM & Town Manager recommendation.
- ❖ State Retirement System mandated increase (\$139K)
- ❖ Police Officers Residency Incentive (year 1 of 4) (\$12K)
- ❖ Delaying implementation of some personnel items until revenues are evaluated. (\$303K)

Expenditures

❖ Operating

- ❖ Reduced operating expenditures to offset COVID-19 revenue loss (\$301K)
- ❖ Some of these expenditures will be re-evaluated if revenues come in better than projected.
- ❖ No increase for garbage services after bidding the contract (\$0)
- ❖ No increase for Property & Liability and Workers Comp. insurance after bidding (\$0)

Expenditures

❖ Operating

- ❖ PD 12 body cameras and cloud storage (\$17K)
- ❖ PD crash software, CAD maintenance, and fiber line connection to radio tower (\$15,660)
- ❖ CLFR overtime and staffing gaps (\$33,600)
- ❖ Utility increases/water PARC ball fields (\$10,650)
- ❖ Town Hall/Public Safety/Public Works Building Maint. Reserve Fund (\$10K 1/6 funding)
- ❖ Camera/computer legacy programs moved from capital to operating (\$88K)
- ❖ Streetlights (\$4K)
- ❖ North Corridor TOD match (\$6K) (one time)
- ❖ Delaying implementation and purchase of some operational expenditures until revenues are evaluated. (\$80K)

Capital Funded in FY 21

Capital (Fund Balance)

- ❖ Reduced capital expenditures to offset COVID-19 revenue loss (\$797K)
- ❖ Police Vehicles (\$633K FY 21 plus carry forward for FY 20)
- ❖ Fire Boat Repair (\$95K carry forward for FY20)
- ❖ Old Canal (\$800K, Powell Bill Fund)
- ❖ Willow Pond Stream Restoration (\$300K)
- ❖ Public Works Leaf Machine (\$60K)
- ❖ Legion Park Design for Drainage Project (\$50K)
- ❖ Fire Station #2 Window Replacement (\$40K TH/PS/PW Building Maint. Reserve Fund)
- ❖ Police Air Handling Units (\$90K TH/PS/PW Building Maint. Reserve Fund)
- ❖ Transportation Capital Reserve Fund (\$1.1M)
- ❖ Delaying implementation and purchase of some capital items until revenues are evaluated. (\$50K)

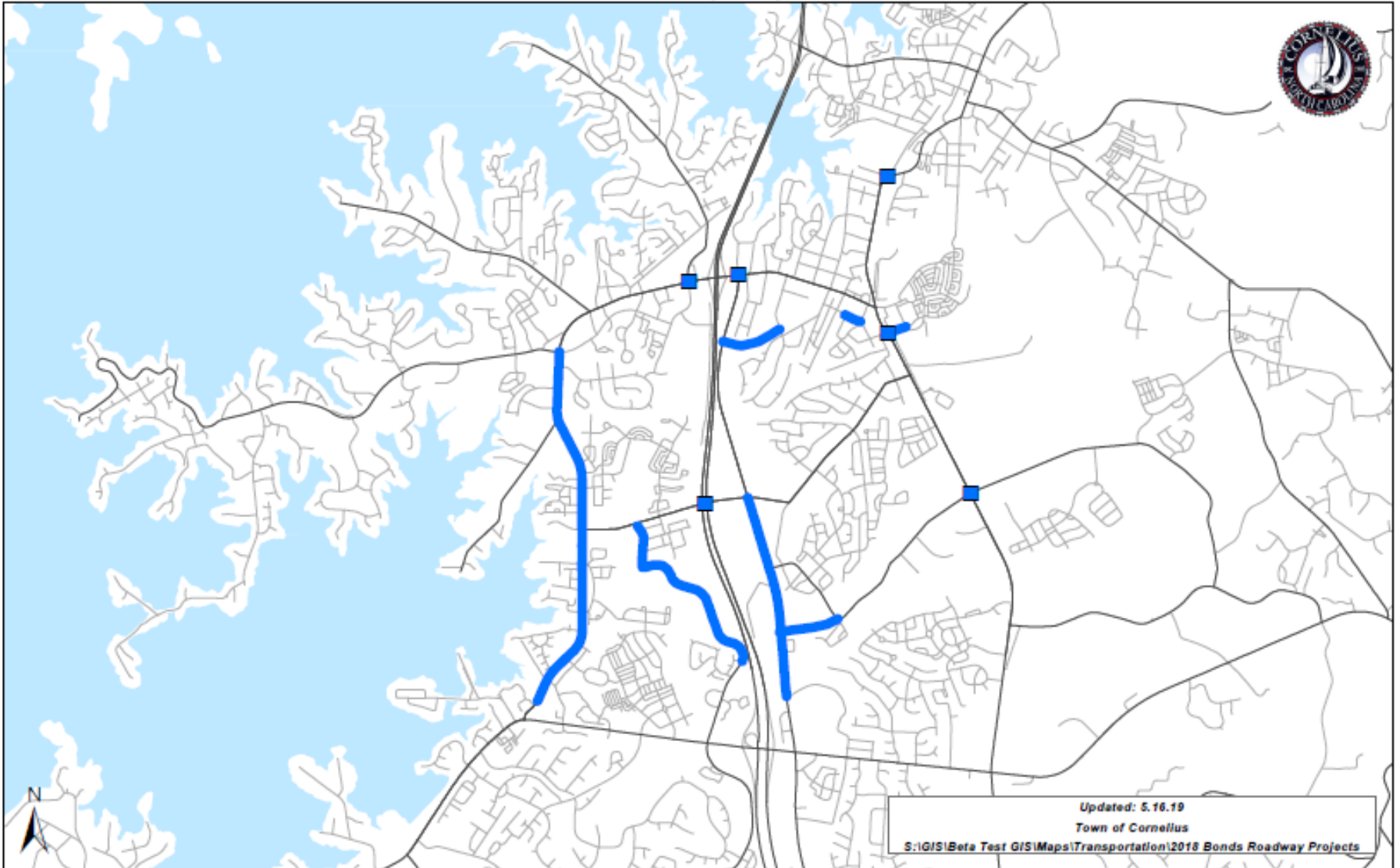
Capital Funded in FY 21

Capital (Debt)

- ❖ \$750,000 Fire Engine
- ❖ \$720,000 Bailey Road Park Ballfield Lighting
- ❖ Delaying implementation of these items until revenues can be evaluated. (\$145K)

All Roadway Projects

All Roadway Projects



CIP NCDOT Road Projects

DESCRIPTION	Funds Source	2022	2023	2026	2027	Total
2013 Road Bond Project Estimated Cost Increases	Bonds	5,500,000	-	-	-	5,500,000
Westmoreland Interchange- Town Contribution	Bonds	2,000,000	-	-	-	2,000,000
Hwy 115- Hickory St. Intersection Improvements	Bonds	1,040,782	-	-	-	1,040,782
West Catawba Phase II- STI- Local Funding Contribution	Bonds	-	1,200,000	-	-	1,200,000
West Catawba Phase II- Bike-Ped Accommodations, Street Lights and Mast Arms	Bonds	-	-	-	5,833,800	5,833,800
Hwy 21 Widening (A)	Bonds	-	-	1,700,000	-	1,700,000
Hwy 21 Dual Roundabouts- Local Match and Betterments (BA)	Bonds	-	-	-	-	-
Hwy 115-Potts St.-Davidson St. Intersection Improvement Project and Betterments (BA)	Bonds	-	-	-	-	-
Northcross Dr. Extension-Local Match and Roundabout and Betterments (BA)	Bonds	-	-	-	-	-
Torrence Chapel Rd. West Cat. Ave. Intersection Impv- Local Match and Betterments (BA)	Bonds	-	-	-	-	-
		8,540,782	1,200,000	1,700,000	5,833,800	17,274,582

Remaining CIP

DEPT	DESCRIPTION	Funds Source	2021	2022	2023	2024	2025	Future	Total
PW	Old Canal Stabilization and South St. Bridge Erosion Control (Powell Bill Funds)	FB Powell	800,000	-	-	-	-	-	800,000
Fire	Replace Engine 3, 4, and 5	Debt	750,000	-	750,000	-	-	-	1,500,000
PARC	Bailey Road Park Athletic Facility Lighting Replacement	Debt	720,000	810,000	-	-	90,000	-	1,620,000
PD	Police Vehicles	Fund Bal	633,000	550,000	500,000	505,000	510,000	-	2,698,000
PW	Stream Restoration- Willow Pond + Upstream & Downstream	Fund Bal	300,000	200,000	-	-	-	-	500,000
Fire	Fireboat Repair	Fund Bal	95,000	-	-	-	-	-	95,000
PD	Police air handling units *	Fund Bal*	90,000	-	-	-	-	-	90,000
PW	Public Works Equipment	Fund Bal	60,000	65,000	-	-	-	-	125,000
PARC	Leqion Park Major Renovations	Fund Bal	50,000	475,000	-	200,000	-	-	725,000
Fire	Fire Staion #2 Window Replacement*	Fund Bal*	40,000	-	-	-	-	-	40,000
PARC	Community Art Center	Bonds	-	4,000,000	-	-	-	-	4,000,000
PW	Jetton Extension	Debt	-	2,100,000	-	-	-	-	2,100,000
PARC	Smithville JV Washam Elementary Linear Park	Debt	-	1,000,000	1,000,000	500,000	-	3,200,000	5,700,000
PARC	Bailey Road Park Tennis & Pickleball Complex	Debt	-	1,000,000	-	-	-	-	1,000,000
PW	Gem Street Extension Surface Parking Cost	Fund Bal	-	400,000	-	-	-	-	400,000
PARC	Torrence Chapel Park Major Renovations	Fund Bal	-	350,000	-	-	-	550,000	900,000
PARC	Bailey Road Park Major Renovations	Fund Bal	-	250,000	-	250,000	710,000	900,000	2,110,000
PW	Sidewalk (Powell Bill Funds)	FB Powell	-	200,000	-	200,000	-	-	400,000
PW	DDI Landscaping	Fund Bal	-	200,000	-	-	-	-	200,000
PARC	Field Maintenance Equipment	Fund Bal	-	159,700	-	-	-	-	159,700
PW	Street Resurfacing (Powell Bill Funds)	FB Powell	-	-	800,000	-	800,000	-	1,600,000
Fire	Training Center Land	Fund Bal	-	-	500,000	-	-	-	500,000
PARC	Robbins Park Development	Debt	-	-	200,000	-	2,450,000	2,300,000	4,950,000
PW	Town Hall cooling tower replacement*	Fund Bal*	-	-	150,000	-	-	-	150,000
PD	Police Roof*	Fund Bal*	-	-	125,000	-	-	-	125,000
PW	Festival Street- Catawba Avenue	Debt	-	-	-	2,750,000	-	-	2,750,000
PARC	Smithville Multi-Purpose Synthetic Turf Field	Debt	-	-	-	900,000	-	-	900,000
PARC	Smithville Park Major Renovations	Fund Bal	-	-	-	190,000	-	-	190,000
PARC	Jetton Park Major Renovations	Fund Bal	-	-	-	-	650,000	-	650,000
PARC	Caldwell Station Creek South Greenway Phase II	Debt	-	-	-	-	315,000	1,900,000	2,215,000
PARC	Mini Park	Debt	-	-	-	-	315,000	1,305,000	1,620,000
Fire	Fire Staion #2 Roof*	Fund Bal*	-	-	-	-	195,000	-	195,000
PARC	Plum Creek- South Bailey Rady Greenway Construction Phase II	Fund Bal	-	-	-	-	140,000	-	140,000
PARC	Southeast Cornelius Neighborhood Park	Debt	-	-	-	-	-	5,050,000	5,050,000
PARC	Bailey Road North Neighborhood Park	Debt	-	-	-	-	-	4,475,000	4,475,000
Fire	Fire Station #3	Debt	-	-	-	-	-	4,000,000	4,000,000
PARC	Village Center Neighborhood Park	Debt	-	-	-	-	-	3,200,000	3,200,000
PARC	Westmoreland McDowell Creek Park	Debt	-	-	-	-	-	3,200,000	3,200,000
PW	Hwy 115- North Corridor (Washam Potts to Potts St) Bike-Ped Accommodations, Aesthetics	Debt	-	-	-	-	-	3,150,000	3,150,000
PARC	North Bailey Road Greenway	Debt	-	-	-	-	-	2,730,000	2,730,000
PARC	Plum Creek- South Bailey Rady Greenway Construction Phase III	Debt	-	-	-	-	-	2,700,000	2,700,000
PARC	Waterfront Park	Debt	-	-	-	-	-	2,620,000	2,620,000
PARC	Victoria Bay Greenway	Debt	-	-	-	-	-	2,520,000	2,520,000
PARC	Downtown Cornelius to Statesville Road Greenway	Debt	-	-	-	-	-	2,270,000	2,270,000
PARC	Washam-Eco Park	Debt	-	-	-	-	-	1,500,000	1,500,000
PARC	Westmoreland Park Greenway	Debt	-	-	-	-	-	1,350,000	1,350,000
PARC	North Bailey Road to Bailey Road Greenway	Debt	-	-	-	-	-	1,100,000	1,100,000
PW	Hwy 73 West- Bike-Ped Accommodations	Fund Bal	-	-	-	-	-	1,100,000	1,100,000
PW	I-77 Service Road to Westmoreland	Debt	-	-	-	-	-	1,088,062	1,088,062
PW	Caldwell Station to Bailey Extension	Debt	-	-	-	-	-	1,000,000	1,000,000
Fire	Replace Ladder Truck 4	Debt	-	-	-	-	-	1,000,000	1,000,000
PARC	Stratford Forest Greenway	Fund Bal	-	-	-	-	-	760,000	760,000
PARC	Glen Oak Green Park Greenway	Fund Bal	-	-	-	-	-	600,000	600,000
PARC	Nantz Rd Connector Greenway	Fund Bal	-	-	-	-	-	575,000	575,000
PARC	Spray Park	Fund Bal	-	-	-	-	-	525,000	525,000
PW	Westmoreland Road Widening	Fund Bal	-	-	-	-	-	525,000	525,000
PW	Stream Restoration- Upper McDowell Creek	Fund Bal	-	-	-	-	-	300,000	300,000
PD	Police Substation	Fund Bal	-	-	-	-	-	300,000	300,000
			3,538,000	11,759,700	4,025,000	5,495,000	6,175,000	57,793,062	88,785,762

Debt

- ❖ Town has sold \$16.4M of \$20.4M 2013 Transportation/Parks/Town Center Redevelopment Bonds (approximately \$1.4M annual bonded debt service)
- ❖ In FY 22, Town plans to sell \$10.6M of \$24M 2018 Transportation Bonds (approximate annual bonded debt service roughly \$1M)
- ❖ In FY 22, Town plans to sell \$4M Town Center Redevelopment Bonds (approximate annual bonded debt service of \$333K)
- ❖ Town's average annual non-bonded debt financed is \$1.4M
- ❖ In FY 23, the Debt Service to Annual Expenditure Ratio could reach 16% due to the issuance of \$32M in Bonds plus non-bonded principal.
- ❖ NCDOT Road project delays and additional funding achieved by Town Staff have improved our short-term financial condition.
- ❖ However, oncoming debt still is the dominant factor of Town's finances.
- ❖ Additional Revenue will be needed before FY24 to maintain AAA-rating and before FY29 to prevent a violation of our Fund Balance Policy.

	FY 2019 Actual	FY 2020	FY 2020 EYE	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Beginning Fund Balance	19,273,176	19,542,188	21,699,109	25,456,517	25,755,976	26,001,592	25,132,736	23,768,880
Revenues:	3,744,677	17,389						
Property tax	14,093,129	15,732,608	16,164,000	16,258,038	17,072,328	17,324,311	17,323,082	17,578,826
Sales tax	3,983,699	3,841,700	3,841,700	3,168,019	3,263,060	3,360,951	3,461,780	3,565,633
Franchise tax	1,887,891	1,905,280	1,900,000	1,694,776	1,742,230	1,791,012	1,841,161	1,892,713
Powell Bill allocation	771,445	777,231	778,252	583,252	583,252	583,252	583,252	583,252
All others	2,789,454	3,346,693	3,737,124	2,906,431	2,950,027	2,994,278	3,039,192	3,084,780
Total Revenues	23,525,618	25,603,512	26,421,076	24,610,516	25,610,897	26,053,804	26,248,466	26,705,204
Expenditures:								
Personnel	7,753,882	9,086,784	8,737,933	9,403,102	10,120,273	10,676,888	11,210,732	11,771,269
Operating	8,341,575	8,851,612	9,018,001	8,821,928	9,174,805	9,541,797	9,923,469	10,320,408
TH/PS/PW/Bldg Maint. Rsv Fund	-	-	-	30,000	-	-	-	-
Cain Center (land, operating)	365,000	323,000	323,000	300,000	309,000	318,270	327,818	337,653
Existing Debt service	2,402,706	3,052,063	2,625,107	2,473,510	2,317,543	2,206,409	2,113,581	1,764,691
Powell Bill/Stormwater Capital	766,235	871,500	281,000	1,050,000	400,000	800,000	200,000	800,000
Other Capital	312,178	1,892,874	1,708,627	2,117,967	2,249,700	1,275,000	1,145,000	2,205,000
New debt svc	-	-	-	144,550	793,960	2,104,296	2,691,722	3,044,355
Transfers	1,229,722	-	-	-	-	-	-	-
Use of Cap Reserve	(71,613)	(30,000)	(30,000)	(30,000)	-	-	-	-
Total Expenditures	21,099,685	24,047,833	22,663,668	24,311,057	25,365,280	26,922,660	27,612,322	30,243,375
Net	2,425,933	1,555,679	3,757,408	299,459	245,616	(868,856)	(1,363,856)	(3,538,171)
Ending Fund Bal	21,699,109	21,097,867	25,456,517	25,755,976	26,001,592	25,132,736	23,768,880	20,230,710
Capital Reserve	-	-	-	-	-	-	-	-
Total Fund Balance	21,699,109	21,097,867	25,456,517	25,755,976	26,001,592	25,132,736	23,768,880	20,230,710
Available Fund Balance	19,808,064	19,097,867	22,762,693	23,062,152	23,307,768	22,438,912	21,075,056	17,536,886
End Bal as % of Exps Total	103%	88%	112%	106%	103%	93%	86%	67%
End Bal as % of Exps Available	94%	79%	100%	95%	92%	83%	76%	58%
Tax Assumptions:								
Value	5,499,814,530	5,552,131,900	5,552,131,900	7,353,051,835	7,530,530,059	7,643,488,010	7,758,140,330	8,689,117,170
% increase growth	0.951%	0.00%	2.74%	2.41%	1.5%	1.5%	0.0%	1.5%
% Change reval	0%	28.9%	28.9%	0%	0%	0%	12%	0%
New Value	5,552,131,900	7,156,768,213	7,353,051,835	7,530,530,059	7,643,488,010	7,758,140,330	8,689,117,170	8,819,453,927
Collection rate	99.0%	99.0%	99.0%	97.25%	99.0%	99.0%	99.0%	99.0%
Rate	0.255	0.2220	0.2220	0.2220	0.2220	0.2220	0.1982	0.1982
Tax produced	14,016,357	15,732,608	16,164,000	16,258,038	16,798,858	17,050,841	17,049,612	17,305,356
Revenue assumptions:								
Sales tax					3.0%	3.0%	3.0%	3.0%
Franchise tax					2.8%	2.8%	2.8%	2.8%
Powell Bill					0.0%	0.0%	0.0%	0.0%
Other					1.5%	1.5%	1.5%	1.5%
Expense assumptions:								
Personnel					5.50%	5.50%	5.00%	5.00%
Operating					4.00%	4.00%	4.00%	4.00%
Debt issuance variable:								
Beginning Debt Outstanding	11,439,504	11,360,602	11,302,036	9,137,202	8,541,848	23,137,008	24,493,894	26,887,660
Principal retired	(1,944,800)	(2,112,280)	(2,164,834)	(2,065,354)	(1,855,622)	(1,793,114)	(1,756,234)	(1,455,361)
Principal issued	1,807,332	23,308,292	-	1,470,000	16,450,782	3,150,000	4,150,000	3,170,000
Ending Debt Outstanding	11,302,036	32,556,614	9,137,202	8,541,848	23,137,008	24,493,894	26,887,660	28,602,299

FY 21 Budget - Summary

- ❖ Recommended Tax Rate: 22.20 cents
 - ❖ No change in tax rate from FY 20
- ❖ Total General Fund Budget: \$24,341,057 (net of reconciling items such as debt to be issued)
- ❖ Fund Balance Contribution \$299,459

Budget Reductions

- ❖ \$1.2M reductions to help offset COVID revenue impacts.
- ❖ Including, but not limited to:
 - ❖ Merit (reduced from 4 to 3%)
 - ❖ Police vehicles (purchasing/equipping fewer vehicles)
 - ❖ Non-critical Park maintenance and landscaping
 - ❖ Beverly Greenway paving
 - ❖ BRP Tennis Complex/ Land Banking
 - ❖ DDI Landscaping
 - ❖ Town-maintained roads resurfacing
- ❖ Will reassess some reductions if revenues are better than anticipated.

Budget Delays

- ❖ \$595K in budgeted, but delayed items.
- ❖ Including, but not limited to:
 - ❖ BRP Lighting System (December 1)
 - ❖ 6 Firefighters (February 1)
 - ❖ 2 Police Officer vacancies- Hiring Freeze (February 1)
 - ❖ Computer Replacement (February 1)
 - ❖ Fire Engine (February 1)
 - ❖ Legion Park stormwater repair design (February 1)

Planning for COVID

- ❖ Planned appropriately
 - ❖ Conservative Revenue projections (\$1.78M impact to revenues)
 - ❖ Budget Reductions (\$1.2M)
 - ❖ Contribution to Fund Balance (\$299K)
 - ❖ Delayed Expenditures (\$595K)
- ❖ Budget Reductions will have relatively minor impacts to service in the short term, but some will be more costly in the future if not put back into budget.
- ❖ Significant impacts to services if the delayed expenditures are not implemented.

Electric Fund

- ❖ 2019 System Study identified major capital and maintenance needs to provide reliable service to current and future customers.
 - ❖ Infrastructure maintenance- pole replacements, substation maint., system evaluation and repairs
 - ❖ Construct new substation- redundancy, reliability, growth
- ❖ 2020 Cost of Service Study recommended appropriate rate and charges structure
 - ❖ Beginning in FY22 (July 1, 2021), phase in approx. 4.4% rate increase each year for 5 years.
- ❖ FY21
 - ❖ Land purchase for new substation
 - ❖ Maintenance items
- ❖ Cornelius electric customers will not have a rate increase in FY21 (NC Statute will require a residential 5 cent per month increase to the REPS rider for renewable energy)
- ❖ Cornelius Electric Fund will receive an ElectricCites statewide system working capital refund of \$1,107,000 to increase the Electric General Fund to \$3.8M

Electric Fund

Town of Cornelius Electric Fund

Change in Wholesale Rate

		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Growth Factor	2019 Actual	2020 Budget	2020 EYE	2021 Budget	2022 Projection	2023 Projection	2024 Projection	2025 Projection
Expenditures									
Personnel	5.0%	509,906	600,267	600,267	777,900	816,795	857,635	900,516	945,542
Operating	2.0%	888,909	1,052,058	1,052,058	1,079,400	1,100,988	1,123,007	1,145,468	1,168,377
Electrical Power Purchases	3.0%	4,524,182	4,635,626	4,635,626	4,625,962	4,669,109	4,727,282	4,882,180	5,037,379
Capital		383,221	414,408	300,000	1,041,500	1,901,000	1,828,000	765,000	707,000
Annual debt svc pmt		25,727	26,428	26,428	41,028	30,000	30,000	30,000	30,000
Total expenditures		6,331,946	6,728,787	6,614,379	7,565,790	8,517,892	8,565,925	7,723,164	7,888,299
Recommended rate increase									
		0.0%	0.0%	0.0%	0.0%	4.42%	4.44%	4.45%	4.47%
Revenues									
Electricity sales	3.0%	6,126,725	6,640,359	6,353,571	6,391,380	7,076,041	7,559,343	8,073,648	8,611,931
Other operating revenue		205,723	62,000	348,788	299,000	307,970	317,209	326,725	336,527
Nonoperating revenue		-	742,000	742,000	1,107,000	-	-	-	-
Total revenue		6,332,449	7,444,359	7,444,359	7,797,380	7,384,011	7,876,553	8,400,373	8,948,459
Revenues vs expenditures		502	715,572	829,980	231,590	(1,133,881)	(689,372)	677,209	1,060,160

Calendar

- ❖ Budget Document – Available on Town Website on June 2nd: www.cornelius.org
- ❖ Public Hearing – June 1, 2020 and June 15, 2020
- ❖ Adopt Budget & Set Tax Rate – Special Meeting Date - TBD

PUBLIC HEARING