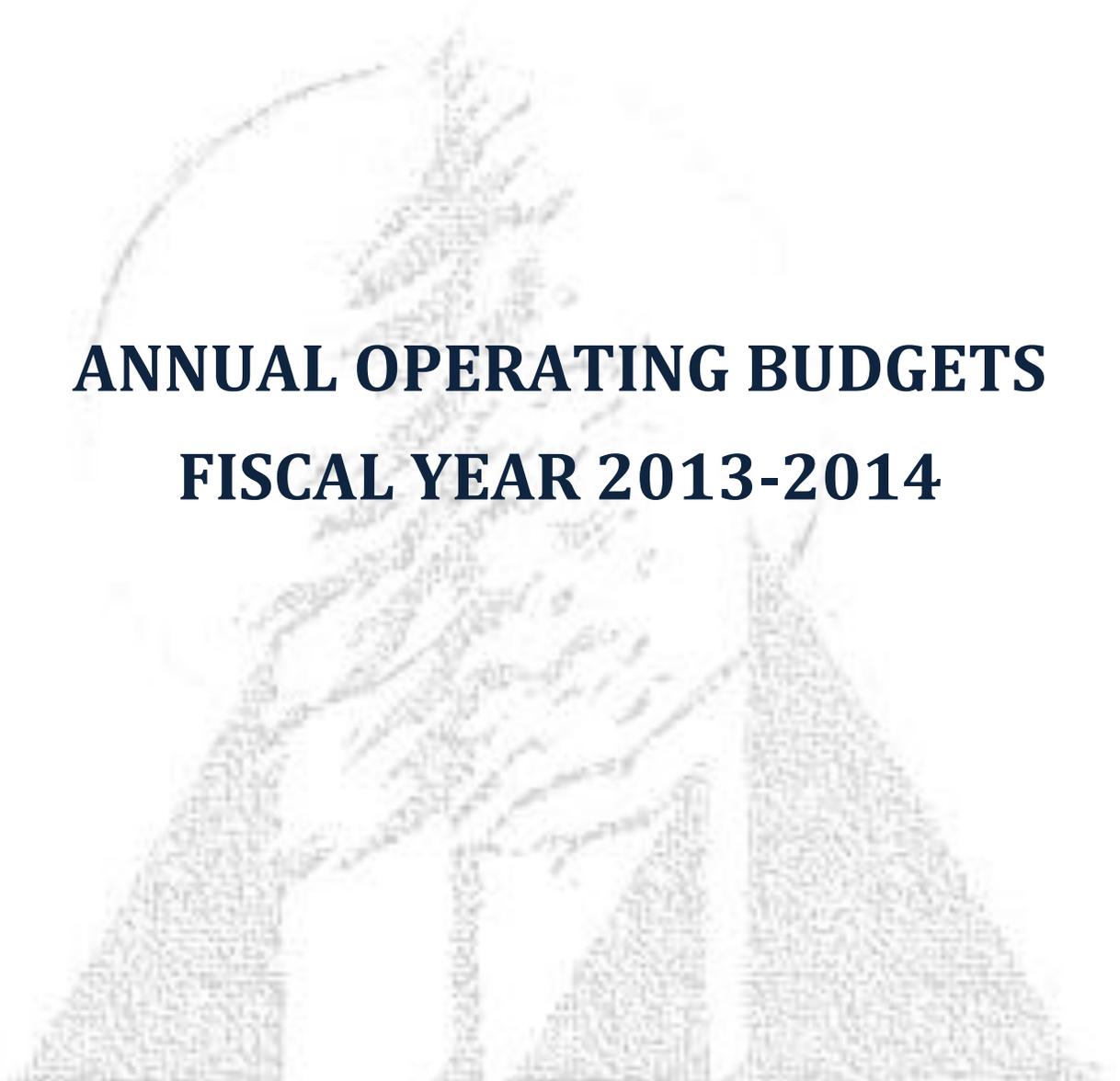

CITY OF TEGA CAY SOUTH CAROLINA



**ANNUAL OPERATING BUDGETS
FISCAL YEAR 2013-2014**



City Council

George Sheppard	Mayor
Chris Landvik-Larsen	Mayor Pro-Tempore
Dottie Hersey	Councilwoman
Ron Kirby	Councilman
Stephen Perkins	Councilman

Management Team

Charlie Funderburk	City Manager
Bob Bartkin	Finance Director
Katie Poulsen	Municipal Clerk/Office Manager
Rick Evelsizer	Police Chief
Scott Szymanski	Fire Chief
Tom Goebel	Development Services Director
Tim Gillette	Operations Director
Joey Blethen	Recreation Director
David Wood	Municipal Court Judge
Robert McCleave	City Attorney

Introduction & Overview

Tega Cay is well on its way to becoming a city of 10,000 residents spread over an area much larger than the original Tega Cay footprint. As the city expands and surrounding areas develop it will be important to establish Tega Cay's identity as a municipality and ensure that growth occurs in a way that fulfills the community's vision for the future. Aligning these plans with a common vision will lead to better communication and efficiency for the city. Furthermore, it will allow the City Council to remain focused on the most critical strategic issues as it collaborates with the county, surrounding cities and the state to ensure Tega Cay's place in the region.

While Tega Cay looks forward to the future, it will strive to continue to be known for its lakeside amenities, close community ties, excellent educational opportunities and a healthy, recreational lifestyle.

Tega Cay will continue to distinguish itself in the region as a lakeside residential community rich in recreational opportunities where residents enjoy the Good Life by nurturing families, friends and neighbors.

Community Values

- Small town feeling
- Strong neighborhoods
- Safe place to raise children
- Exceptional recreation amenities
- Welcoming social and community life
- Blue Ribbon Award winning schools
- Easy access to amenities of Charlotte and surrounding area
- Volunteer participation in community life
- Representative and responsive government
- Business Friendly
- Proactive communication with the public
- Environmentally and economically sustainable policies



Finance

The City of Tega Cay is committed to being good stewards of public funds. In that effort, the City Council has adopted a Financial Policy for the City. This policy will be used to guide the financial management practice of the City and will help promote financial long-term stability. At all times, the City will maintain an available fund balance (reserve funds) of at least 25% of the total annual operating expenditures of the City. From time-to-time, Council may appropriate funds that will reduce the available fund balances below the 25% threshold in the case of a declared financial emergency or other such global purpose as to protect the long-term financial stability of the City. In such circumstances, Council will also adopt a plan to restore the fund balances to the policy level within 36 months from the date of the appropriation.

The City will also rely on a balanced approach to capital funding utilizing debt financing, draws on capital reserves and current year (pay-as-you-go) appropriations. When capital improvements are financed, the City will repay the debt within a period not to exceed the expected useful life of the project.

The annual operating budget will be developed in conjunction with the strategic goals of the City. One-time or other special revenues will not be used to finance continuing City operations, but instead will be used for funding special projects/capital improvements. The City will prioritize all capital improvements in accordance with an adopted capital improvement plan. This five-year plan will be updated annually and will coordinate with the development of the operating budget.

Land Use/Community Facilities

Tega Cay will continue to explore opportunities to expand its boundaries through strategic annexation that provides benefit to the city as a whole whether by increasing commercial tax base, gaining access to infrastructure or some other community goal.

With each new development, the City will work closely with the developer to preserve natural buffers and greenways. The City will always look for opportunities to mesh what the developer wants with the City’s identity so that we can continue to provide a unique living experience for our entire community.

Tega Cay continues to explore ways in which to provide basic services by expanding police, fire and emergency medical services into new areas of the City. This will require additional personnel and potentially the annexation of land in strategic locations for satellite stations. The city will also control its destiny with regard to services such as water, sewer, roads and storm water and will develop them as needed to keep pace with growth.

Natural Resources/Recreation



As part of the overall healthy lifestyle, Tega Cay maintains its environmentally sensitive approach to policies regarding natural resources. This is most noticeable in the growing number of sidewalks and trails that connect various neighborhoods within the city to parks and eventually to the Catawba Thread Trail system. The City continues to protect our resources through partnerships with the Ft. Mill School District and other public education efforts in regards to storm water. Our continued efforts to preserve and protect greenways and open spaces, along with the 98% participation rate in our recycling program, are other ways that Tega

Cay works to protect the natural environment of this area.

Transportation

Improvements to major intersections in the area, as well as alternative routes such as Hubert Graham Way, will greatly improve congested roadways traveled by residents of Tega Cay. These projects are scheduled to get underway in 2014. Other transportation alternatives will continue to be developed in conjunction with RFATS (Rock Hill-Ft. Mill Area Transportation Study) and other regional planning groups to allow commuters to connect to job centers.

Economic Development

Job creation within the city is encouraged through concepts such as live/work spaces in the commercial areas of Stonecrest by bringing in business friendly services that enable those who work from home to perform daily business tasks without leaving the community.

The data shown in *Table 1 – Travel to Work 2000*, shows that Tega Cay residents lead the peer group and spend over 30 minutes commuting to work. Lake Wylie residents recorded a mark of 9.5% and is a similarly situated community in terms of geography and demographics. The fact that only 5.1% of Tega Cay residents walked to work or worked at home indicates that there may be some room for increasing this measure, considering that.

**Table 1
Travel to Work 2000**

Community	Walked or Worked at Home	Mean Travel Time to Work (Minutes)
Tega Cay	5.1%	33.6
Fort Mill	3.9%	24.7
Lake Wylie	9.5%	27.7
Rock Hill	5.0%	23.5
York County	4.3%	27.2

Governance/Management/Civic Engagement

Additional professional staff to support the City as it grows in size and complexity will be needed. The volunteer spirit that has supported Tega Cay all of these years will continue to be encouraged through opportunities to serve on boards and ad hoc committees. An important element of maintaining strong community leadership will be to understand and adapt to the changing lifestyle of young two-career families. Finding flexible and innovative ways to engage citizens at all stages of life will be important.

All of this will demand a more strategic approach to communication with a variety of innovative communication tactics that are designed to meet the specific information needs of the residents.

Form of Government

The City of Tega Cay operates under the council-manager form of government as outlined in Title 5, Chapter 13 of the Code of Laws of South Carolina, 1976, as amended. The City Council consists of five (5) members, including the Mayor. All council members are elected at-large and serve four year staggered terms. Council members are elected in November of odd numbered years and begin their terms the following January.

The City Council serves as the policy making body for the City. They are charged with adopting an annual budget, setting rates for taxes and fees, appointing city officials (City Manager, Municipal Judge and City Attorney), establishing ad hoc committees when needed, entering into debt service agreements, setting general policies for the city government and enacting regulations, resolutions and ordinances, consistent with the authority granted by the Constitution and general laws of the state.

Under the council-manager form of government, the City Council employs a professional manager to oversee the day-to-day operations of the City. The City Manager serves as the chief executive officer and head of the administrative branch of the city’s government. The City Manager is responsible to the Council for the proper administration of all affairs of the City including:

- Appointing and removing officers and employees of the City
- Preparing and administering the annual budgets
- Providing reports to Council
- Ensuring implementation of the City’s ordinances
- Negotiating Contracts on behalf of the City for Council’s consideration

Budget Process & Overview

Pursuant to Article X, Section 7(b) of the South Carolina Constitution, the City of Tega Cay must annually prepare, adopt and maintain an annual budget which provides for the sufficient revenue to meet the town’s estimated expenses in the upcoming fiscal year. City Council is charged with levying an appropriate level of taxes each year in order to provide sufficient revenue to meet the City’s expedited revenues.

Currently the City operates several different budgets, three of which are enterprise funds. The **General Fund** is the general operating fund and accounts for revenues and necessary expenditures needed to operate the following departments:

- Administration
- Municipal Council
- Municipal Court
- Law Enforcement
- Public Works
- Development Services
- Fire Department
- Parks & Recreation
- Debt Service

The **Tega Cay Utility Department Budget** accounts for revenues and expenditures necessary to operate the City owned water and sewer department. Revenues collected primarily come from water/sewer fees collected from customers on the system and tap fees from new customers.

The **Storm Water Utility Budget** accounts for revenues and expenditures necessary to operate the City’s Storm Water Department. This department conducts the activities necessary to keep the City in compliance with its NPDES permit issued by SCDHEC. Revenues for this account primarily come from the annual stormwater fee charged for all impervious surfaces on each developed lot. Residential customers pay a fixed \$96 fee on their York County Tax bill. Commercial customers pay based on the amount of impervious square footage they have.

The **Beach & Swim Center Budget** accounts for the revenues and expenditures necessary to operate the Beach & Swim Center Facility. This City owned facility includes a club house, fitness room and two pools (one 8-lane, junior Olympic size pool and a wading pool). Revenues for this fund primarily come through annual membership fees collected and facility rental revenue.

The **Community Events Budget** accounts for the revenues and expenditures necessary for several community wide events each year. These events include: Concert Series, 4th of July Celebration, Fall Festival and a Holiday Festival. Revenues for this fund are primarily generated through corporate sponsorships and our annual Mayors’ Cup Golf Tournament.

The **Hospitality Tax**, or H-Tax, budget accounts for all taxes levied on prepared foods sold inside the City limits. H-Tax funds are limited by state law in how they can be spent. Generally these funds can be expended on facilities and programs that will generate tourism.

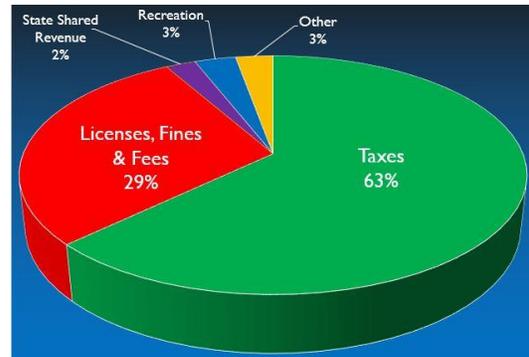
FY 2013-2014 BUDGETS

General Fund

The total General Fund Budget for FY 13-14 is \$6,530,408. Personal and Property Taxes account for 63% of the total revenue of this budget. In addition to not increasing the millage rate, there are also no increases in the use fees. Budgetary expenditures for this fiscal year also include: continuation of the codification of City Ordinances, updates to our Comprehensive Plan, increased funding for street and park maintenance, construction of a restroom facility at Trailhead Park, a sidewalk from Runde Park to the traffic circle on Windward Dr., upgrades to the Police Department building for accreditation purposes, repairs to the City Hall parking lot, repairs/maintenance to the City owned Boat Storage lot, and six additional employees (two fire fighters, one code enforcement officer, one permit technician, and two maintenance employees). Below are the projected revenues for FY 13-14 General Fund Budget, as approved by City Council.

Revenue Summary

Taxes (<i>property & auto</i>)	\$ 4,106,549
Licenses, Fines & Fees	554,410
State Shared Revenue	30,050
Recreation	203,037
Other	184,890
TOTAL REVENUE	\$ 6,530,408



As you can see from the chart below, tax revenue has steadily increased even through the downturn of the economy. While the City has seen several new commercial businesses open up over the past few months, there is still a concentration on attracting more in an effort to reduce the burden on the residential tax base.



~Administration~

The Administration Department is comprised of the City Manager, the Office Manager/Municipal Clerk, Finance Director, Accounts Receivable/Accounts Payable, Communications Specialist, Human Resources Administrator and Receptionist. The Administration Department operates out of the main floor of City Hall along with staff members from our Operations, TCUD and Storm Water Departments.

~Municipal Council~

The Municipal Council budget is primarily comprised of salaries and applicable payroll taxes for the Mayor and City Council. There are also several smaller line items that are necessary for meeting expenses, etc.

~Municipal Court~

The City of Tega Cay holds municipal court on the second Tuesday of every month. This is necessary to process violations and crimes that have been committed within the City limits. The Honorable David Wood serves on a contract basis as the City’s Municipal Judge. The City also employees are part-time Clerk of Court and a solicitor on a contract basis.

~Development Services~

The Development Services Department includes the City’s Building Department, Business Licenses, Planning, Zoning and Code Enforcement. All building, zoning and land disturbance permits are handle through this department. Our Development Services staff operates out of the lower level of City Hall.

~Public Works~

The Public Works Department includes all of the City’s maintenance employees. Members of this Department, who also work within the City’s Storm Water and Parks & Recreation Departments, are responsible for the overall upkeep of City owned facilities, fleet vehicles and infrastructure.

~Police Department~

The Police Department includes 21 sworn officers and two support staff members (assistant to the Chief and Records Clerk). Dispatch duties are handled by York County’s Public Communications (911) located at the Emergency Operations Center in Rock Hill, SC. The department also provides an SRO (school resource officer) for Gold Hill Middle School and performs lake patrols around the peninsula on holiday weekends during the summer months.

~Fire Department~

Historically, fire services have been provided by the Tega Cay Volunteer Fire Department. In the FY 09-10 budget, the City hired its first full time fire fighters. Each year the City has worked with the Volunteer Department in an effort to grow the full-time department and provide the necessary coverage for the City. With the FY 13-14 budget, the City’s department will be able to provide 24/7 coverage with full-time staff. The volunteer department will continue to provide the necessary support. The City currently maintains an ISO 3 rating.

~Parks & Recreation~

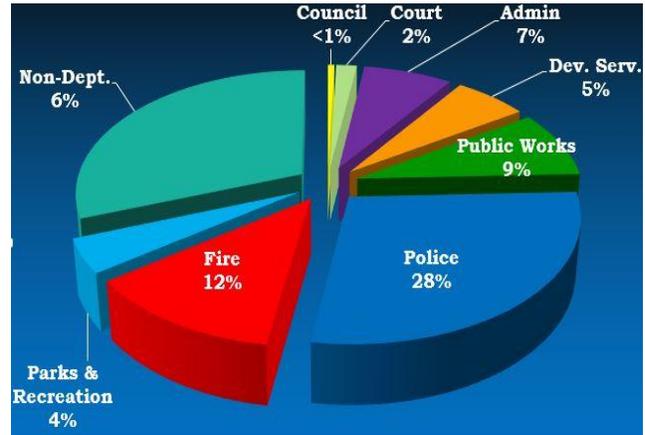
The Parks & Recreation Department is responsible for programming all youth and adult recreation programs in addition to maintaining the City’s twelve (12) public parks, four (4) public tennis courts and walking trail system. The administrative staff for this department operates out of and is responsible for the operations of the City’s Beach & Swim Center.

~Non-Departmental~

This section of the General Fund budget is primarily comprised of the City’s debt service (bond payments). Other items that are necessary for the proper operation of the City that are not specific to an operating department are also captured in this area of the budget (solid waste and recycle program, safety/risk management, Grant funded projects).

General Fund Expenditure Summary

Council	\$ 34,757
Court	111,433
Administration	481,185
Development Services	398,141
Public Works	566,533
Law Enforcement	1,835,434
Fire	806,162
Parks & Recreation	287,430
Non-Departmental	<u>2,009,333</u>
TOTAL EXPENSES	\$ 6,530,408



Tega Cay Utility Department

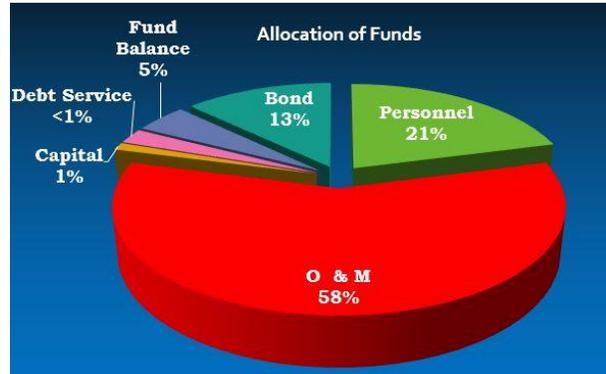
The total TCUD Budget for FY 12-13 is \$1,306,528. The City owned, water/sewer utility system has been in operation for 13 years and is nearing 1,800 customers. Currently, the City purchases whole sale water from the Town of Ft. Mill via a 16” transmission line along the Sutton Rd. corridor. The City’s waste water is transported to the Manchester Creek treatment facility in Rock Hill through a force main that runs beneath the Catawba River.

Revenue Summary

Charges for Water	\$ 792,613
Charges for Sewer	554,410
Tap Fee Charges	30,050
Other Revenue	<u>9,920</u>
TOTAL REVENUE	\$ 1,386,993

Expenditure Summary

Personnel	\$ 290,128
Operation & Maintenance	806,600
Capital Expenditures	16,030
Debt Service	32,525
Fund Balance	62,897
Bond Payment	<u>178,813</u>
TOTAL EXPENSES	\$ 1,386,993



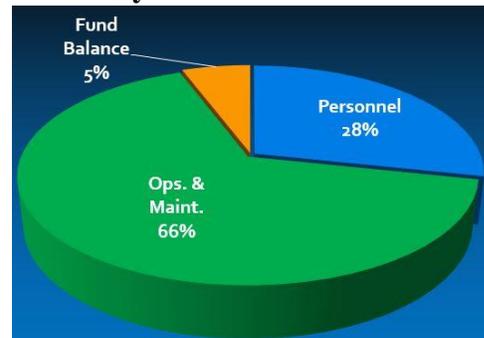
The FY 13-14 TCUD budget includes the continuation of our required 10% sanitary sewer cleanout, the addition of one new field employee, the continuation of our meter replacement program and no rate increases.

Beach & Swim Center

The Beach & Swim Center is owned and operated by the City but is funded through the annual collection of membership fees. This lake side facility houses the City’s Parks & Recreation staff and includes an 8-lane Junior Olympic Size swimming pool, a wading pool and a club house that includes a fitness facility. The gathering room in the club house is available for private rentals which also generate funds for this department.

Expenditure Summary

Personnel	\$ 53,723
Ops & Maint	136,531
Fund Balance	11,899
TOTAL EXPENSES	\$ 202,153



Storm Water Utility

The City’s Storm Water Department is responsible for maintaining the storm sewer infrastructure throughout the City. This infrastructure includes street drains, curb and gutter, pipes, culverts and drainage way. This is all necessary in order to protect our water quality and to prevent flooding problems. The priorities for the stormwater program:

- Meet federal storm water requirements
- Maintain the storm water drainage system
- Improve the drainage system
- Manage new development

In order to pay for these operations, the City developed a storm water utility fee. Customers are billed annually based on the amount of ERUs (Equivalent Residential Unit) of impervious surface they have. One (1) ERU equals 3,500 ft.² of impervious surface. All residential customers are billed for one ERU, or \$96. Commercial customers are billed based on the actual number of ERU’s on their property x \$96 (ex. A business with 45,500 ft² of impervious surface would be charged for 13 ERUs x \$96 or \$1,248).

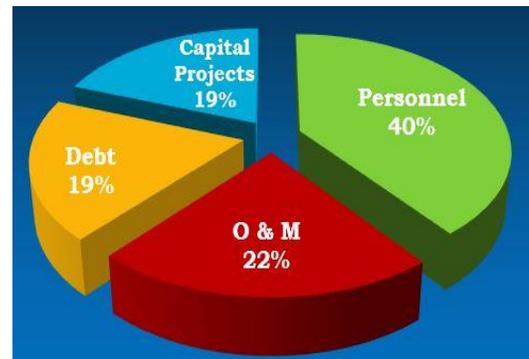
The FY 13-14 Storm Water Utility Budget includes no fee increase and \$75,000 in capital projects to be completed.

Revenue Summary

Utility Fee <i>4086 ERUs at a 99% collection rate</i>	\$ 388,333
TOTAL REVENUE	\$ 388,333

Expenditure Summary

Personnel	\$ 153,529
Operations & Maintenance	85,174
Debt Payments	74,630
Capital Projects	<u>75,000</u>
TOTAL EXPENSES	\$ 388,333



Events

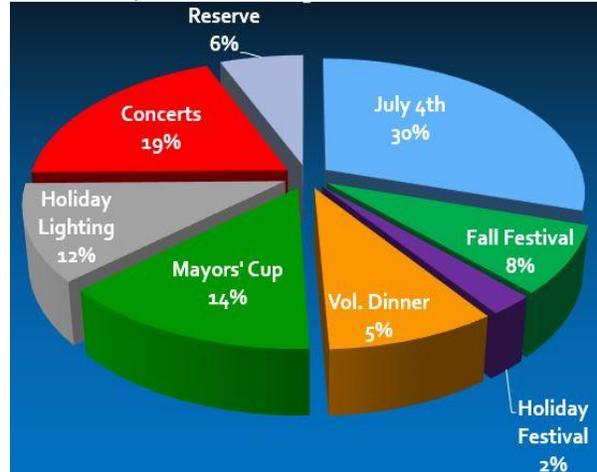
Every year the City of Tega Cay puts on a variety of community events that really help folks identify with the City and its small town atmosphere. These events range from our annual 4th of July celebration, where we not only celebrate Independence Day but the birthday of the City as well, to our outdoor Concert Series. In 2011, the City began hosting a golf tournament as a way to raise the funds necessary to pay for these annual events in an effort to lessen their burden on the tax payers.

Revenue Summary

Community Events	\$ 1,540
Fall Festival Vendors	4,662
Golf Tournament	<u>77,450</u>
TOTAL REVENUE	\$ 83,652

Expenditure Summary

July 4 th	\$ 25,000
Fall Festival	6,752
Holiday Festival	2,000
Concerts	16,000
Volunteer Dinner	7,500
Mayors' Cup Golf	11,595
Holiday Lighting	9,687
Fund Balance	<u>5,118</u>
TOTAL EXPENSES	\$ 83,652



Hospitality Tax

Hospitality Tax is a tax that is collected with the sale of prepared foods by commercial businesses at a rate of 2%. These funds are paid by the businesses that sale prepared foods on a monthly basis to the City. State law limits what these funds can be spent on and generally it is limited to capital or operational costs associated with tourism.

Expenditure Summary

Event Salaries	\$ 3,600
Fund Balance	96,400
TOTAL EXPENSES	\$ 100,000