

TOWN OF SILER CITY

The Siler City Board of Commissioners met in Special Session on **Thursday, March 17, 2022**, at 6:30pm in Multipurpose at the Wrenn Memorial Library with Mayor Pro Tem Price presiding. Commissioner Brown gave the invocation with the recitation of the Pledge of Allegiance following.

ELECTED TOWN OFFICIALS PRESENT: Norma Boone, Curtis Brown, Lewis Fadely, Bill Haiges, Thomas "Chip" Price, Tony Siler

ELECTED TOWN OFFICIALS ABSENT: Cindy Bray

TOWN STAFF PRESENT: Town Manager Roy Lynch, Finance Director Tina Stroupe, HR Director Nancy Darden, Public Works Director Chris McCorquodale, Fire Chief Scott Murphy, Police Chief Mike Wagner, and Town Clerk Jenifer Johnson and by zoom: Planning Director Jack Meadows and Parks and Recreation Director Jack Clelland

AGENDA ADJUSTMENTS/APPROVAL OF AGENDA

A motion to approve the agenda as presented was made by Commissioner Haiges, seconded by Commissioner Siler, and unanimously approved.

FY2022-2023 BUDGET DISCUSSION

Lynch stated that this will be the first budget discussion of FY2023. There will be additional meetings prior to the final presentation in May which will allow the Board to review the requests over the coming weeks and ask questions related to the items presented tonight. This year's budget process was streamlined due to the timing of transition and desire of the Board to have a tentative budget presented at this meeting.

Lynch stated that many requested items are based upon the receipt of grant funding, so those numbers were not calculated in the budgeted numbers until such funds are awarded. The town will likely see an increase in the amount of grant funding based on the federal dollars available over the coming year. Additional requests in the initial departmental meetings were funded and approved by the Board this FY2022 due to CARES and ARP funding and are noted under each individual departmental line item.

Lynch stated that the proposed tentative budget for FY 2023 is \$19,184,176 dollars including all four funds which is a \$19,184,176 dollar increase over the adopted budget of FY 2022 in the amount of \$17,666,428 dollars. This increase is attributed to the Ad Valorem, Fire District Tax, Sales and Use Tax, Other Utility Taxes, ABC Revenues, estimated Grant Fund revenues and the adopted CIP Fund Balance appropriation. Water & Sewer revenues have proven to be resilient throughout the last year with all the anticipated changes due to local business moving toward a more normal operation. This is evident though actual performance and staff projections for year end. Water is projected to decrease slightly.

Lynch stated that Finance Director Tina Stroupe is keeping a watchful eye on the actual performance of the account and will adjust accordingly. Stroupe will elaborate further on each fund as we move through the various funds.

Lynch shared that both the compensation study and pay for performance have been requested in the budget, with the pay for performance is requested at 2%, 3% and 5% as related to the Boards direction for the current fiscal year, and health Insurance premiums have been estimated at a 20 percent increase based on the knowns at this point in the process.

Lynch stated that one new position has been requested, divided between the General and Enterprise Fund: Custodian. The position will be for entire town and eliminate current after hour cleaning crews for Town Hall, Garage and Police. Lynch stated that the non-profit request are not included in the tentative budget.

10 Fund (General Fund) Overview

Finance Director Tina Stroupe stated that staff uses trending data to estimate revenues along with guidance from the League of Municipalities on Sales and Use Tax Revenues and other Utility taxes. Revenues have been adjusted for solid waste services, where revenues are anticipated to perform slightly ahead of contracted services expenditures for the coming fiscal year. We do expect to see some recovery in Parks and Recreation Revenues over the current Fiscal Year based on the reopening of facilities and programs. ABC Revenues are projected to increase based on trends. There are also several Grants that have been applied for and will be expended departmentally if awarded.

Stroupe reviewed the General Fund Revenue Estimates based on the current information available. The two drivers of the projected increase this year are Ad Valorem Tax and Sales and Use Tax Revenues. The FY2023 budget proposes no property tax rate increase and will remain at the current rate of \$0.54 per \$100 valuation tax levy as well as the Fire District Tax at \$0.12 for the fire district. Sales tax revenues are influenced by the conditions of the overall economy and will be closely monitored, especially during this recovery period. This is largely due to the recovering economy and reopening of indoor dining and retail shopping. Staff continues to use a conservative approach for budgeting Fiscal Year 2023 based on the League's projections but when taking into consideration the current performance, we project an increased amount of \$282,000 or 10 percent over the current fiscal year.

Lynch reviewed the General Fund Expenditures: Staff started the budget process with the requests by the departments, adds the known increases for health insurance, property and liability insurance, local government retirement contribution adjustments, and other annual contractual agreement adjustments, then asked each Department to prioritize their original requests to balance to the revenue projections. We held sit down meeting with each department head and I will highlight the ones with the obvious and noticeable changes.

The Governing Body (400) decreased \$14,805 attributed to the decrease in allocation of attorney fees to other departments based on experience over the last year.

The Town Manager (405) department saw an increase of \$16,528 attributed to an increase based on the estimated salaries along with contracted services.

Human Resources (408) is budgeted for a \$25,360 increase attributable to salaries, advertising for positions, and contracted services.

Finance (410) department saw an increase of \$62,592 due to an increase for the added Accountant position in FY2022, the increase in Contract Services for the new software and annual CIP update.

Planning and Community Development (416) is proposed to see an increase of \$99,380. This is credited to the additional increased costs for the reallocation of professional services (attorney fees) and special projects in the amount of \$45,400 for minimum housing abatement.

SCHEDULE D

TOWN OF SILER CITY
BOARD OF COMMISSIONERS
MARCH 17, 2022, MINUTES

PAGE 3 OF 5

Building and Grounds (500) projects an increase of \$195,959 due to the addition of a custodian (65%) along with benefits, \$150,000 for replacement windows in City Hall and increased technology for the Court Room.

Police (510) projects an increase of \$87,380 or 3.0 percent. Priorities were established by Staff conversations concerning the need for additional technology and capital outlay for upgrades to the evidence room and security fencing, and the upgrade for telecommunications software. (6) Six new vehicles are requested to continue funding fleet replacement as adopted in the CIP.

Fire (530) projects an increase of \$28,695 due to an increase in the compensation study, and budgeting for 10 sets up Turn Out Gear along with Fire Helmets needed for safety measures.

Garage (555) projects an increase of \$4,002 due mainly to increased costs of the maintenance of equipment, contract services tracking maintenance of fleet, along with the purchase of a Picoscope Automotive Diagnostic system.

Public Works (560) projects a \$249,887 increase due to additional training costs for CDL's, required for driving heaving equipment, an increase in automotive supplies, and capital purchases (needed to upgrade current equipment), which is offset on the revenue side by capital proceeds from financing, in the amount of \$\$270,250.

Sanitation (580) projects an increase of \$201,336 due to the relocation of downtown dumpsters behind the Farmer's Alliance, the second phase of trash can replacements and the purchase of an additional boom truck, which is financed.

Parks & Recreation (620) projects an increase of \$16,130 or 2.4 percent. This is due to an increase in salaries (pay for performance), normal routine maintenance to parks and Capital Outlay includes the upgrade to wall repair at Paul Braxton Gym.

Library (630) projects a decrease of \$32,000 due to the building maintenance including brick work on the sidewalks, exterior painting, and a security fence at the rear of the building completed in FY2022.

Airport (650) projects an increase of \$21,314 due to the increase in upgrades to the maintenance of the terminal building including landscaping and general maintenance. This also includes the 10% match for additional land acquisition in the amount of \$30,500, necessary for the expansion of the taxiway.

Non-Departmental (660) projects an increase of \$169,713 dollars mainly due to increases in Health Insurance of an estimated 20%, which is an unknown that will be adjusted over the next two months. We do continue to see a decrease in Workers Compensation Insurance due to the reduction in claims. This continues all the incentives for Mountaire, Apex Investments, EPC, and the Chatham Rescue Appropriation of \$25,000.

Finance Director Tina Stroupe shared the Debt Service – Transfers (850) which projects an increase of \$9,705 primarily associated with the increase in capital financing.

20 Fund (Powell Bill – Street Overview)

Stroupe discussed the projected revenues and expenditures. Powell Bill projected revenues for the coming fiscal year are expected to increase. This is primarily due to an increase in State Appropriation.

Prepared by Jenifer K Johnson, Town Clerk

30 Fund (Utilities) Overview

Stroupe stated that the Fiscal Year 2023 proposed budget for the Water and Sewer Enterprise Fund projects a revenue increase of \$422,169 or 5.0 percent owing to the conservative approach in Fiscal Year 2022. The overall performance year to date demonstrates a need to increase projections. The water and sewer projections have outperformed expectations based on actuals recorded to date. The additional request of Capital Lease Proceeds contributed \$430,661 to the overall projection. The Town has been fortunate to see a sustained income from industrial water and sewer sales during this time.

The FY 2023 budget requests funding for overall capital improvement requests as it is necessary for maintaining operations in an effective and efficient manner for providing an expected quality of water and wastewater treatment. There are many grant opportunities the Town has been afforded and we continue to seek additional funding for our infrastructure.

Town Manager Roy Lynch shared an overview of the expenditures:

Water/Sewer Administration (710) projects an increase of \$79,854 dollars based on salaries, benefits, and reappropriations from other departments. The capital request includes the replacement of a Durango that will be transferred to Water Sewer Maintenance for optimal usage. Other sustained costs include the attorney fees, training, and merchant services.

Water Treatment (810) projects a slight increase of \$28,655 dollars mainly due to the and capital outlay to improve the efficiency of operations at the plant. Additional sustained cost comes primarily in the form of utilities, supplies, and maintenance of equipment. Other costs increasing the annual operating budget of this department include capital outlay in -7200 and -7400 for pipe valve replacement, turbidity meters and a backup compressor at the dam.

Wastewater Treatment (822) estimates a slightly proposed increase of \$61,198. Similarly, to the Water Treatment Plant, this Department's budget is expected to expand based on future development. These increases include salaries and benefits, building and equipment maintenance, lift station repairs, supplies, safety equipment, continued sludge removal and capital outlay. Capital outlay includes additional valve replacements and financed equipment.

Water/Sewer Maintenance (828) proposes an increase of \$315,686 dollars.

The proposed increase to this Department's budget is driven by salaries and benefits, upgraded technology in contract services, and capital outlay inclusive of financed equipment in -7400 with offsets in the revenues.

Capital Improvements include a continued replacement of 2" water lines in the amount of \$50,000.00, I&I repair on sewer lines in the amount of \$150,000 and Water System Rehabilitation.

Non-Departmental (660) projects an increase of \$11,159 dollars over the current fiscal year mainly due to the increase in health insurance. We observed a significant decrease in Workers Compensation Insurance in this fund as well. The County capacity fee associated with an allocation of 1 million gallons per day water capacity allowance remains constant based on the contract signed in March 2020.

Stroupe stated that the Transfer (850) proposes a decrease of \$74,383 dollars due to the principal and interest based on the decrease in capital lease financing package for fleet and equipment.

40 Fund (License Plate Agency) Overview

Stroupe stated that the LPA proposes an increase in revenue of \$16,797 dollars for a total of \$176,700 dollars. This is attributed to the increase volume of customers we continue to see. The expenditures increase is to supply additional part-time staffing costs, health insurance and benefits, along with updated furniture in capital outlay.

Lynch asked the Board to review the presented documents for the next budget meeting. If you have questions, please contact Tina Stroupe or the Interim Town Manager, Bill Zell for information or inquiries.

Lynch stated that the next Budget Workshop will be on Thursday, April 28, 2022, and the presentation will be on Thursday, May 12, 2022.

The Board of Commissioners thanked town staff for all their hard work in getting the budget done so early.

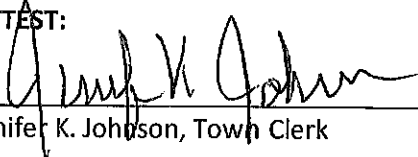
ADJOURNMENT

With no further business the Board of Commissioners adjourned at 8:25pm.



Thomas K. Price, Mayor Pro Tempore

ATTEST:



Jenifer K. Johnson, Town Clerk

