

TOWN OF SILER CITY

The Siler City Board of Commissioners met in Special Session on **Thursday, April 15, 2021** at 6:30pm in City Hall Courtroom with Mayor Pro Tem Bray presiding. Commissioner Price gave the invocation with the recitation of the Pledge of Allegiance following.

ELECTED TOWN OFFICIALS PRESENT: Cindy Bray, Norma Boone, Curtis Brown, Lewis Fadely, Thomas “Chip” Price, and Tony Siler

ELECTED TOWN OFFICIALS ABSENT: Bill Haiges

TOWN STAFF PRESENT: Town Manager Roy Lynch, Finance Director Tina Stroupe, Public Works Director Chris McCorquodale, Police Chief Mike Wagner, Parks and Recreation Director Jack Clelland, Human Resources Director Nancy Darden, Town Clerk Jenifer Johnson, Planning Director Jack Meadows Zoom: Attorney William Morgan

AGENDA ADJUSTMENTS/APPROVAL OF AGENDA

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

CONSENT

A motion to approve the consent agenda which includes the 2021.11 Budget Amendment – Airport (Incorporation by reference as if fully set forth herein Schedule A) and WK Dickson Work Authorization #5 (Incorporation by reference as if fully set forth herein Schedule B) was made by Commissioner Fadely, seconded by Commissioner Boone, and unanimously approved.

2021/ 2022 BUDGET ITEMS

Revenue Projections

Stroupe stated in preparation of annual budget for year ending June 30, 2022, Finance Staff has forecasted revenues for the remainder of fiscal year ending June 30, 2021 and the annual revenues for the upcoming fiscal year 2022. Stroupe shared the major increases or decreases in the forecasted budget. (Incorporation by reference as if fully set forth herein Schedule C)

Stroupe shared the following with the Board of Commissioners:

Fund 10

Increase in budgeted revenues of \$870,736

Largest increases impacting revenue increase for General Fund:

- Ad Valorem taxes – \$432,590
- Sales & Use Tax increase of \$374,397
- Loan Proceeds show an increase in \$464,462 due to the requested financing package

Largest decreases impacting revenue increase for General Fund:

- Interest earned shows a large decrease of \$60,000 due to extremely low interest rates driven by the economic environment.
- Covid Cares Act funds were an additional \$381,545 FY 2021 amended budget item.

Fund 20

Decrease in budgeted revenues \$47,796

Two factors drive this decrease:

- A drop in the NCDOT Powell Bill Allocation of \$9,309 due to decreased revenues for NCDOT

- A decrease of \$10,400 in interest earned due to extremely low interest rates driven by the economic environment.

Fund 30

Increase in budgeted revenues \$174,723

Largest increases impacting revenue increase for Enterprise Fund:

- Utility Charges increased by the following:
 - Water - \$74,904
 - Sewer - \$91,157
 - BOD Surcharge - \$96,000
- Interest earned shows a large decrease of \$12,200 due to extremely low interest rates driven by the economic environment.

Fund 40

Increase in budgeted revenues \$5,544

- Revenues for fiscal year ending are expected to exceed budgeted revenues for fiscal year ending June 30, 2021 and expected to continue into fiscal year ending June 30, 2022 and largely based on additional volume including new dealer transactions.

Lynch stated per NC General Statute 159-11, in each year in which a general reappraisal of real property has been conducted, the budget officer shall include in the budget, for comparison purposes, a statement of the revenue-neutral property tax rate for the budget. The budget officer shall first determine a rate that would produce revenues equal to those produced for the current fiscal year and then increase the rate by a growth factor equal to the average annual percentage increase in the tax base during to improvements since the last general reappraisal.

Lynch shared the Chatham County estimated Fiscal Year 2022 valuations for the Town of Siler City as well as the Central Chatham Fire District. These are the new assessed values after the January 2021 reappraisal and are subject to change pending any appeals. Included are both tax districts' calculations based on projections since the last revaluation in Fiscal Year 2017-2018.

The Board of Commissioners discussed the revenue neutral tax rate and asked the Town Manager to contact Chatham County to see what direction they were taking.

Debt Service

Stroupe stated in preparation of the annual budget for year ending June 30, 2022, Finance Staff is currently forecasting expected debt service requirements and needs for the upcoming fiscal year 2022. (Incorporation by reference as if fully set forth herein Schedule D)

Stroupe stated that all current requests for vehicles and equipment are approved, the Town's debt service will increase an additional \$738,850. \$194,442 will be the annual increase in payments. This increase is a net of new additional debt and debt retiring in fiscal year ending June 30, 2021 and also includes the annual payments to NCDEQ for the Water Treatment Plant State Revolving Loan debt.

Stroupe stated that the net includes the following:

- Additional vehicle and equipment financing Package Number 6 with Tax exempt Leasing- \$738,850, with annual payments of \$192,625 for the next four years.
- Retiring 2018 financing Package Number 3 - \$76,055 – Tax Exempt Leasing.
- Retiring Fire tanker truck payment of \$39,753.

- Addition of NCDEQ SRF loan payments in the amount of \$117,625.

Stroupe shared the per fund activity as follows:

- Fund 10 - Increase in annual payments of \$5,276 and a total debt increase of \$464,441.
- Fund 30 – Increase in annual payments of \$189,166 and total debt increase of \$274,409.

The Board of Commissioners discussed the debt service and agreed to move forward with a finance package for the requested fleet for the FY 2021-2022.

Requested Positions

Lynch shared a list of eight positions requested by Department Heads, broken down by fund, for the Fiscal Year 2021/2022 Budget along with projected costs. The Police Department requests are discussed in a separate agenda item based on direction given at the budget workshop on March 11, 2021. (Incorporation by reference as if fully set forth herein Schedule E)

Lynch stated as we continue to move through the budget process, Staff will prioritize the requests, pending analysis of projected revenues after any adjustments. We are requesting input from the Board as to any thoughts on direction or prioritizing the positions attached.

The Board of Commissioners discussed the requested positions and asked Lynch to prioritize the need for the positions.

Police Department Future Staffing Plan

Lynch stated at the budget workshop on March 11, 2021, the Board of Commissioners discussed with Police Chief Wagner staffing levels at the Police Department and the need for growth over the next three years. Staff was asked to bring back a plan for staffing patrol officers within the Police Department. (Incorporation by reference as if fully set forth herein Schedule F)

Lynch shared the future staffing plans projected for the Police Department including the FY2021/2022 budget year requesting three patrol officers to equal out the four shifts and one Evidence Technician. The next two fiscal years show requests for an additional four officers. These annual projections include salaries, taxes, retirement projections, health insurance projections, vehicles, uniforms, and other accessories to cover costs for each additional new position for the next three years.

Lynch shared organizational charts that show the current and future projected staffing levels through FY2024 for the patrol division along with the investigation division. Currently, there are two Police Officer positions with pending offers.

Lynch stated that going forward, annual revenue proposed positions will determine the feasibility of the additional requested positions. Chief Wagner will review the projections annually to consider staffing options which meet the expectations for community policing and necessitate the community needs.

Lynch stated that the capital items will be projected through an annual four-year rotating finance package to stay in line with the current cycle and the proposed Capital Improvement Plan.

The consensus of the Board of Commissioners was to move forward with the Police Department positions as presented for FY 2021-2022.

Health Insurance and Dental Premiums

Dental Insurance Premiums

Darden stated while dental insurance premiums do not affect to Town's budget, we wanted the Board to be aware that our employees who participate in the Delta Dental plan will be experiencing a 5.70% increase in the upcoming fiscal/plan year. This will be the first time in three (3) years that we have experienced a rate increase.

Health Insurance Premiums

Darden stated due to claims experience over the past year, Cigna's renewal rate came in at 28.65%. The broker has put it out for bid and is currently waiting for the results. However, because we do not have this information at this point in the budget process and we need to provide information for budgetary reasons, we are providing a worst-case scenario overview of the Town's potential health insurance liability for fiscal/plan year 2022. Darden shared a comparison of 2021 and 2022. Please be aware that these numbers are based on positions currently allocated and does not project any new positions that may be approved in the upcoming year. (Incorporation by reference as if fully set forth herein Schedule G)

The Board of Commissioners discussed the increases.

Compensation Study

Darden stated that this year the comp study included the following individuals or departments:

- All Department Heads
- Finance
- Human Resources
- License Plate Agency
- Manager's Office
- Parks and Recreation
- Planning and Community Development
- Police – non-sworn positions
- Water and Sewer Administration

Darden stated as you review the documentation, you will find that all but one position reflecting a change in salary grade that warrants an actual pay increase is for employees who were new to their position last year and were ineligible for pay for performance increase in the 2020 fiscal year. (Incorporation by reference as if fully set forth herein Schedule H)

Darden stated in order to maintain equitable salaries in the marketplace, it is essential that Compensation Study salary adjustments take priority over Pay for Performance salary adjustments in order to minimize salary compression (new hired employees coming on board making more, or the same, as current employees).

The Board of Commissioners discussed the compensation study including the communities, positions, and adjustments.

Pay For Performance

Darden stated Effective January 1, 2021, staff implemented a new Performance Evaluation document and changed the evaluation period from March through February each year to January through December. At that time, the Board stated they wanted to see the Performance Evaluation results and be able to consider other budgetary items prior to deciding how Pay for Performance would affect salaries for the upcoming fiscal year. For fiscal year 2022, 65 employees are eligible for Pay for Performance. (Incorporation by reference as if fully set forth herein Schedule I)

Darden shared the 2021 Performance Evaluation results are as follows:

Does Not Meet Expectations	0
Meets Expectations	41
Exceeds Expectations	21
Outstanding	3

Darden shared the by Department results:

Finance/LPA	Exceeds	5
Fire	Meets	5
	Exceeds	2
Human Resources	Meets	1
	Outstanding	1
Manager's Office	Exceeds	1
	Outstanding	1
Parks and Recreation	Exceeds	2
	Outstanding	1
Planning & Development	Exceeds	2
Police	Meets	17
	Exceeds	2
Public Works	Meets	7
(Streets, W/S, Garage, Building Maint)	Exceeds	7
Water Treatment	Meets	5
Wastewater Treatment	Meets	5
	Exceeds	1

The Board of Commissioners discussed the pay for performance and asked questions of Darden and Lynch. After discussion the Board decided to add another budget workshop on Thursday, April 22 and ask Staff to bring back additional information.

Non-Profit Funding

The Board of Commissioners asked to add the non-profit discussion to the budget workshop on Thursday, April 22.

MANAGER'S REPORT

Lynch shared the following with the Board of Commissioners:

Solid Waste and Recycling Services

GOVERNING BODY COMMENTS

none

ADJOURNMENT

With no further business the Board of Commissioners adjourned at 10:22pm.

Cindy B. Bray
Cindy B. Bray, Mayor Pro Tempore

ATTEST:

Jenifer K. Johnson
Jenifer K. Johnson, Town Clerk

