

TOWN OF SILER CITY

The Siler City Board of Commissioners met in Budget Workshop Session on Tuesday, May 28, 2019 at 6:30pm in City Hall Courtroom with Mayor Grimes presiding. Mayor Pro Tem Cheek gave the invocation with the recitation of the Pledge of Allegiance following.

ELECTED TOWN OFFICIALS PRESENT: Larry Cheek, Mike Constantino, Lewis Fadely, John Grimes, Bill Haiges, Thomas "Chip" Price, and Tony Siler

ELECTED TOWN OFFICIALS ABSENT: Cindy Bray

TOWN STAFF PRESENT: Town Manager Bryan Thompson, Human Resources Director Nancy Darden, Fire Chief Scott Murphy, Parks and Recreation Director Joseph Keel, and Town Clerk Jenifer Johnson.

AGENDA ADJUSTMENTS/APPROVAL OF AGENDA

Thompson requested the addition of §143-318.11(a)(6) closed session to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee.

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

CONSENT

A motion to approve the consent agenda which includes the AIA Wastewater Budget Project Ordinance 2019.8 and Contract (Incorporation by reference as if fully set forth herein Schedule A), AIA Water Budget Project Ordinance 2019.9 and Contract (Incorporation by reference as if fully set forth herein Schedule B), and Amendment to the Audit Contract (Incorporation by reference as if fully set forth herein Schedule C) was made by Commissioner Haiges, seconded by Commissioner Fadely and unanimously approved.

OLD BUSINESS

none

NEW BUSINESS

Town Manager's 2019/2020 Budget Message

Thompson shared the following 2019/2020 proposed budget with the Board of Commissioners: The proposed budget for Fiscal Year 2020 reflects an overall increase from that of Fiscal Year 2019. This increase is attributable to revenue performance improvements in the two major funds of the Town's operating budget – General and Utility Enterprise Funds. Within the General Fund, total property tax base has increased with improvements made by Mountaire Farms at its Siler City processing plant location. Furthermore, property tax revenues are projected to rise with a proposed \$0.03 property tax increase, which is offered to fund additional Fire Department staff. In addition to property improvements, the General Fund revenues are improved with well performing Local Option Sales Tax revenues and interest earned on investments with the North Carolina Capital Management Trust – both of which are indicators of a growing economy locally and state-wide.

The proposed budget for the Utility Enterprise Fund is also expected to grow. Revenues are anticipated to increase with additional utility sales owing to the operations of the Mountaire Farms poultry processing plant. It should be noted that additional expenses are realized in this Fund, resulting from increased water processing related to increased demand of potable water and additional chemical and sludge removal at the Wastewater Treatment Plant. The proposed budget offers critical analysis to ensure expenses are maintained as low as practicable without destabilizing continuity and quality of the services provided by the Town and the level of safety by which these services are offered.

With the proposed 2020 Budget, Staff seeks to provide a realistic expectation of revenues for the coming fiscal year and reflect expenses that are in tune with the needs of each department in an effort to enable cost-effective service provision. Staff believes the proposed 2020 Budget maintains a strategy of conservative fiscal management of public funds while providing funding for essential and desirable public services and improvements for the citizens and customers of Siler City. This, coupled with the established goals, objectives, discussions and deliberations of the Mayor and Town Board of Commissioners, has informed Staff's proposal for this proposed operating budget.

The proposed FY2020 Budget is \$15,666,441.00, including all funds, which is a \$3,195,753.00 increase, or 25.63% budgetary expansion, over the adopted FY2019 Budget of \$12,470,688.00. The principal drivers of this overall expansion include increased revenues and associated expenses with the new Mountaire Farms facility, revenues anticipated with the implementation of the requested \$0.03 property tax increase to support funding of additional full-time staff within the Siler City Fire Department, increased revenues related to growing utility sales owing to the operations of the noted Mountaire Farms facility, and a proposed fund balance appropriation for renovations to City Hall within the General Fund. Anticipated improvement to the performance of Local Option Sales Tax revenues also contributes to the projected growth of the overall budget for FY2020 as proposed. The proposed FY2020 budget also accounts for increased expenses associated with adjustments to the local government contribution to employees' retirement plan, as required by the State.

General (10 Fund)

The General Fund is the basic operating fund of the Town for primary governmental functions. It is used to account for all financial resources to carry out the general operations of the local government except those required to be accounted for within other specific funds. The primary revenue sources of the General Fund are Ad Valorem property tax and State-shared revenues, along with fees established by the Town for service-specific operations. The principal expenditures within the General Fund are for Police, Fire, Street Lights, Solid Waste Collection, Recreational Facilities and Programming, Public Property Maintenance, Municipal Airport, Planning and Zoning, and Code Enforcement as well as other general government services including Administration, Finance and Human Resources. The total proposed General Fund budget for FY2020 is \$7,402,925.00 which amounts to a \$1,105,555.00 increase from current year's adopted budget of \$6,297,370.00. This represents a 17.56% increase in the General Fund budget. As earlier noted, this increase is largely affected by improved performance of sales tax, increased property tax base values, a proposed adjustment to the current tax rate of \$0.03 per \$100 valuation, as well as a Fund Balance appropriation for a capital project within the General Fund.

Revenue and expense details are found in their respective sections of this message.

The proposed FY2020 General Fund Operating Budget intends to accomplish the following:

- Operating revenues exceed operational expenses and annual debt obligations, combined
- Continued funding of fleet replacement program
- Increased funding is provided to support non-profit projects
- Full-time staffing is increased over current levels with the funding of one Administrative Assistant to the Public Works and Utilities Director, one Human Resources Technician (these additional personnel costs are shared between the General Fund and that of the Utility Enterprise Fund), and three Firefighter/Drivers within the Siler City Fire Department
- Employee compensation is maintained at market levels
- Pay-for-Performance program is funded
- Employee benefits are enriched with adjusted funding of 401K contributions from current year of 2.5% to 5% for all full-time employees
- Continued funding for professional development and training is provided, with an emphasis on leadership development
- Funding is provided to implement greater technology integration into core areas of operation
- Funding is provided to implement the City Hall Space Optimization program in the form of a capital project to make physical modifications to the interior of City Hall
- Funding is provided for various capital projects
- Special projects are funded, including
 - Triangle J COG Affordable Housing Project
- Fund Balance is not scheduled to be appropriated for operational expenses; but rather, is identified only for one capital project

General Fund Revenue Outlook

For the most part, staff uses trending data to estimate revenues. Staff tracks major revenues by month, estimates revenue for the current year, and projects next year's revenue at a slightly more conservative amount. In some cases, next year's projection is informed by additional information, such as guidance on sales tax revenues from the North Carolina League of Municipalities and Chatham County Finance Office. Where possible, staff uses a combination of local trending and outside guidance to reach the most accurate estimates and projections.

The FY2020 budget proposes a \$0.03 property tax increase. This proposed tax increase is offered as an effort to provide necessary funding for additional staff within the Fire Department. Accordingly, Staff recommends a property tax rate of \$0.54 per \$100 valuation tax levy.

The remainder of General Fund revenue is comprised primarily of state-collected and state-shared sources. These revenue sources are supplemented by other revenue streams collected locally, such as solid waste collection and disposal fees and revenues associated with planning and inspection fees and permits.

Sales tax revenues are indicative of, and influenced by, the conditions of the overall economy and should be closely monitored. Total sales tax receipts for FY 2020 have been estimated at \$2,499,950.00, which is an increase from current year's budgeted amount of \$2,200,000.00. Taxes on electric power,

beer and wine, natural gas, telecommunications, and video programming make up another \$469,050.00 which is an increase from FY 2019 budgeted amount of \$435,400.00. Additionally, 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.

During the 2019 Fiscal Year, the Planning and Building Inspections Departments were programmed to observe a greater inflow of revenue associated with their activities. This was a result a large industrial project. FY2020, however, has offered a downward adjustment to these revenues, as the subject project is now completed and Chatham County now performs inspection services for the Town.

General Fund Expense Outlook

The expense outlook reflects the conservative application of revenue resources to meet goals established by the Board of Commissioners and to assemble the expected level of services provided to the Town's citizens by the Town of Siler City.

The following contains expenditure highlights by budgetary department for each fund of the Town's operations. The following department-by-department narrative refers to current operating expenses for FY 2019 as compared to the proposed 2020 Fiscal Year Budget. This narrative should be read alongside the budget worksheets attached to this message.

General Fund

1) Governing Body

This budgetary department funds expenses associated with the Board of Commissioners including monthly salaries, attorney fees, professional services, travel and training, and various dues and subscriptions. The proposed budget requests an increase of \$34,948.00 from current year. Increased project funding of non-profit organizations serving a public good in Siler City is the primary notes accounting for the stated expenditure increase within this budgetary department. Accordingly, the proposed budget for this department is \$235,362.00 as compared to the FY19 budget of \$200,414.00.

2) Town Manager

Administrative expenses are proposed at \$118,935.00, which is a decrease from the current year's budget of \$190,045.00. This expenditure decrease is primarily attributable to the reduction of one staff member in the form of a full-time Grant Administrator, which has been reallocated to the Finance Department.

3) Human Resources

With the closing of the 2019 Fiscal Year, this department has now been in operation for three full fiscal years. Accordingly, expenditures have been adjusted to reflect the needs of this operation as they are currently defined. The proposed FY 2020 budget for this department is \$133,885.00. This is compared to the FY19 budget of \$102,137.00. The proposed increase in this department's budget is driven by the addition of one full-time Human Resources Technician, half of which is funded in the General Fund and the other in the Utility Enterprise Fund, and the reallocation of pre-employment background services from the Police Department to the Human Resources Department. The costs associated with the additional full-time employee is shared between the various funds of the larger proposed budget.

4) Finance

The Finance Department proposed FY2020 budget is \$237,762.00, which is a \$60,749.00 increase from the FY19 adopted budget of \$177,013.00. This increase is a result of reallocating the Grant Administrator from the Town Manager's budgetary department to that of Finance as well as costs associated with an anticipated single audit for the coming annual financial review and a portion of the cost related to a planned financial software upgrade. The software upgrade cost budgeted to this department is \$40,000.00 and does not represent an ongoing annual expense; and therefore, will not impact future fiscal years beyond FY2020.

5) Community Development

Planning and Community Development is proposed to have a budget increase from current spending levels. The increase to this department's operating budget for FY20 is credited to increased costs for professional services associated with engineer plan reviews. While this additional expense ultimately is a "wash", as revenues are received to offset these expenses; anticipated increased in plan review activities does increase the overall bottom line of this department's expense budget by approximately \$13,000.00. The proposed budget for this department is upwardly adjustment from FY19 levels of \$166,432.00 to proposed FY20 levels of \$180,188.00.

6) Building and Grounds

With the FY20 Budget proposal, this department is projected to decrease slightly from the current year. The cause for decrease in the operating budget for this department is the sharing of related expenses associated with buildings and grounds with the Utility Enterprise Fund. Accordingly, this department is projected to show a decrease in expenses by approximately \$16,000.00. The proposed operating expenses for this department is \$56,217.00 for FY20.

7) Police

The Police Department budget is proposed to increase with the FY20 by approximately \$192,000.00, or 11%. Allocation of additional funding to provide full-time hours for the Department's Domestic Violence Advocate, increased funding for training, allocations for overtime provision, as well as additional funding for contracted service for information technology support are the primary drivers of the noted increase in operational expenses for the coming fiscal year. Please note, three new vehicles were requested by the Police Department for FY20. These vehicles are funded through a finance package. Therefore, this capital cost is not recognized within the operating budget of this Department; but rather, is found in Debt Service. The funding of fleet replacement, especially within public safety-related operations, is critical. Equally as critical to fleet replacement is that of operating the same pursuant to a fleet replacement program. Accordingly, funding is proposed for fleet replacement for the coming fiscal year. However, the new leadership within the Police Department must determine the proper administration of the FY2020 allocation according to need and identify a program that manages fleet replacement requests for the coming fiscal years. The proposed FY20 budget for the Police Department is \$2,001,065.00 as compared to the FY19 adopted budget of \$1,809,489.00.

8) Court Facilities

This departmental budget is maintained at nearly the same levels as the current Fiscal Year. The proposed FY2020 budget is \$3,200.00 as compared to FY2019's budget of \$4,200.00.

9) Fire

The Fire Department's proposed budget for FY2020 is \$561,877.00, which is a \$153,000.00 increase from FY2019. This 37% increase represents proposed funding for additional staff in the form of three

additional full-time Firefighter/Drivers to augment the Department's operations and its volunteer force. Funding for these positions is accomplished with a proposed \$0.03 increase to the property tax levy within the corporate limits of the Town of Siler City. The Town requested assistance from Chatham County to increase staffing as well. The request to the County was to match the Town's commitment to a \$0.03 tax increase within the Fire District. The Fire District revenue increase was requested in an effort to allow the Department to be staffed with a 24-hour coverage schedule. At the time this message was drafted, the County had not yet committed to the requested increase. Accordingly, the proposed FY20 budget reflects only the additional revenue that will be generated by the increase already commented by the Town and the corresponding expenses for staff that can be supported by the same is budgeted for the coming fiscal year. In addition to these new positions, the proposed budget allocates \$38,000.00 for professional services, which are intended to assist with developing plans for future improvements to the existing fire station or relocation and development of a new fire station that will support the Town's efforts in moving toward a full-time staffed Department with 24-hour operations.

10) Inspections

The Inspections Department budget is proposed to realize a decrease in funding for the coming Fiscal Year. This budget reduction is in recognition of the foreseeable vacancy in the Building Codes Administrator's position. Since the retirement of the former Director of this Department, the Town has entered into a service agreement with Chatham County to provide building and fire inspection services. Accordingly, revenues for this Department are diminished as well as expenses associated with personnel costs and that of operations for these purposes. In addition, this Department presently maintains a vacancy in the Code Enforcement Officer's position. Funding is provided for the FY20 for the hiring of this position. However, this funding is shared with contracted services for outsourced code enforcement services. It is anticipated that contracted services will continue for this function until such time a full-time person is hired to fill the noted vacancy. It is further anticipated that there may be some level of overlap in the time that contracted services are maintained and the time that a new employee operates in the same function. This budget acknowledges the ongoing potential for inspection services to be brought back into the organization with the hiring of a Building Codes Administrator. At such time, should this take place, the Annual Operating Budget Ordinance will require amendments to the forecasted revenues and corresponding expenses for the operation of the same. The Inspections Department proposed budget for FY20 is \$136,188.00 as compared to FY19's adopted budget of \$181,685.00.

11) Garage

This department's budget is planned to decrease from the current fiscal year. The proposed FY20 budget for this department is \$51,709.00, which is a decrease from the current year's budget of \$96,410.00. This decrease is primarily due to the portioning out of personnel expenses between the two major funds of the Town's operations as well as no capital equipment requests for the coming year.

12) Public Works

The proposed Public Works Department's operating expense budget is projected to decrease by approximately \$56,000.00 from current year funding levels. In part, this is a result of adjustments in operating expenses associated with personnel cost, where a portion of salaries and related personnel expenses have been allocated from the Public Works budgetary department to that of Sanitation.

Additionally, limited capital outlay is represented in this Department's budget, as such outlay is found either in Debt Service or within the Utilities Enterprise Fund. Capital purchases for this Department for FY20 includes one truck and one John Deere 325 compact tractor. The proposed budget for FY19 is \$444,800.00.

13) Sanitation

This Department's operating budget for FY20 is proposed to observe an increase of approximately \$92,000.00. This proposed increase is a result of two main factors. The first relates to the allocation of personnel cost for one additional employee from the Public Works Department to Sanitation (two employees total in this budgetary department) and the second factor corresponds to the solid waste contracted services rate increase anticipated for the coming fiscal year set by Waste Industries. Two roll-off containers for the International truck purchased in the current year are scheduled to be purchased in this Department. Also, a new boom truck is scheduled to be purchased for this Department's operations through a finance package, which is expensed in the Debt Service budgetary department. The proposed budget for FY20, for this Department, is \$605,530.00 as compared to FY19's adopted budget of \$513,378.00.

14) Parks and Recreation

The proposed FY20 Budget for Parks and Recreation demonstrates an increase of approximately \$80,000.00 over the current year. The 13% budget expansion within this Department is largely owed to funding a proposed site-specific masterplan for Bray Park, which is anticipated at a cost of \$40,000.00. In addition to this project, other objects of expenditures involving expanded activities within non-athletic programming, non-capital assets and replenishment of athletic supplies contribute to the overall growth of this Department's proposed budget for the coming year. The FY20 proposed budget also accounts for the purchase of two vehicles and a John Deere 1200A field machine, which are part of a proposed finance package through the Debt Service budget. Accordingly, the proposed Parks and Recreation Department budget for FY20 is \$686,342.00, a 13% increase over FY19's adopted budget for this Department of \$606,680.00.

15) Library

Library expenses are proposed to slightly increase by just over \$2,000.00, leaving this departmental budget with proposed expenses for the year at \$17,950.00.

16) Airport

The proposed Airport budget represents a decrease in spending from \$96,200.00 in FY19 to \$74,200 in FY20. The budget for this Department does not propose any additional capital outlay outside of the projects already identified and otherwise funded through separate project ordinances. It is, however, foreseeable that projects requiring additional capital expenditures may arise. Accordingly, Staff will look to utilizing available grant funding to satisfy the majority financial need to accomplish such projects and make recommendation for local matches on a case-by-case basis.

17) Non-Departmental

Non-Departmental budgets among the various major funds of the Town are devised to identify and account for expenses that are generally shared by multiple or all departments within the subject fund. Costs relating to property and liability insurance, workers compensation insurance, unemployment insurance, and medical reimbursement plans are examples of such expense. In addition, other expenses that are not directly attributable to any one department are located in this budgetary department with

the proposal of the FY20 budget. Such expenses include funding for the five-year installment program for CAM Site Option at \$25,000.00 per year and payments toward economic development incentives.

Other expenses include Triangle J Council of Governments annual dues; Triangle J Council of Governments Affordable Housing Study, with which the County and Pittsboro are participating; 911 First Responder Memorial; Chatham Rescue; and Chatham Economic Development Corporation. The proposed operating budget for this department is projected to increase by approximately \$527,692.00 from FY19. This increase is most notably resulting from the first annual economic development incentive to Mountaire Farms, which is scheduled at \$450,000.00. The proposed budget for this Department for FY20 is \$1,192,940.00.

18) Debt Service, Transfers, and Appropriations

This budgetary department reflects the expenses associated with debt obligations owned by the Town of Siler City, transfers to other funds, and other appropriations not otherwise identified within the budgets of other departments. The proposed Debt Service Department is anticipated to increase by approximately \$174,633.00. Debt proposed to be issued for the coming fiscal year is approximately \$107,000.00, which is intended to purchase those items already discussed in department narratives within this message. These capital purchases include three vehicles within the Police Department, one truck and compact tractor in Public Works, two vehicles and a field machine in Parks and Recreation, as well as a boom truck in Sanitation. In addition to issuance of debt, the increase in this Department proposed by the FY20 Budget is a transfer from Fund Balance to allocate resources for the proposed capital project at City Hall. With the proposed capital purchase and project, the proposed FY2020 Budget for this Department is \$664,367.00.

Powell Bill (20 Fund)

The Powell Bill Fund is comprised of revenues and expenditures associated with the continued and orderly maintenance, repair, and improvement of streets and other qualifying street-related infrastructure owned and operated by the local government. Revenue for this activity primarily comes from State distributions based on a formula that, in part, considers the number of linear miles of qualifying roads within the Town as well as the actual population of the Town. The proposed FY20 operating budget for this Fund is balanced at \$346,395.00, which is \$30,148.00 more than the current year's budget of \$316,247.00.

Powell Bill Fund Revenue Outlook

Though the Town may allocate additional funds to supplement the scheduled activities of Powell Bill-related functions by appropriating additional funding through transfers from one or more Funds, the current level of Powell Bill Fund Balance is such that additional funding from outside sources is not presently recommended in the proposed budget. The projected operating revenue for this Fund is scheduled at \$232,800.00 for FY20 as compared to FY19 budgeted amount of \$232,200.00. Additional recommended revenue for this Fund includes the appropriation of Powell Bill Fund Balance in the amount of \$113,595.00. This Fund Balance appropriation is compared to that of FY19's appropriation of \$84,047.00. The total proposed forecasted revenues for this Fund, including Fund Balance allocation, is \$346,395.00, which is a \$30,148.00 increase from current year.

Powell Bill Fund Expenses Outlook

The largest individual line-item identified in the proposed budget for this Fund is for paving and resurfacing. In addition, one project is identified to utilize Powell Bill dollars as a source of funding for local match obligations for grants/aid received by the Town. This project will require a 10% match (\$25,200.00) and will assist with TAP Funds for installation of ADA ramps in various areas of the Town's sidewalk system.

Water and Sewer (30 Fund)

The Water and Sewer Fund accounts for the operations of the Town government associated with water treatment, water distribution, sanitary sewer collection, and wastewater treatment, where the operations of the same are designed such that revenues generated from these operations serve to cover the actual cost of operations and maintenance for the fiscal year, annual debt service obligation payments, and depreciation (which accounts for the means by which system repairs and capital improvements are made to enhance the effectiveness, efficiency, quality and compliance of these services). This Fund is made up of multiple departments to carry out the functions herein identified.

Water and Sewer Enterprise Fund Revenue Outlook

In recent history, until the FY15 fiscal year, operating revenues associated with this Fund have not maintained pace with the related operational expenses. Beginning with FY15, the Mayor and Board of Commissioners implemented an incremental approach to increasing the Fund's solvency by increasing rates over three consecutive fiscal years. As a result, the finances of the Town's Water and Sewer Enterprise Fund are much healthier where reliance on Fund Balance is greatly mitigated, if not eliminated, for the purposes of subsidizing operating revenues to afford the daily activities of its operations, debt obligations, and the cost of depreciating assets. Accordingly, the proposed FY20 budget does not call for an increase in utility rates.

The FY20 proposed budget for the Water and Sewer Enterprise Fund projects a revenue increase of nearly 34% owing to additional utility sales associated with private industrial growth within the user base of the utility system. This equates to an approximate increase of \$1.9 million upturn to forecasted revenues for the coming fiscal year. Total anticipated revenues for FY20 in the Utility Fund is \$7,775,616.00 as compared to FY19's projected revenue of \$6,477,610.00.

Water and Sewer Enterprise Fund Expense Outlook

The various departments within the Water and Sewer Fund requested a number of capital purchases and improvements. The proposed FY20 Budget provides funding for these requests, which are noted in this message and within the budget worksheets provided. It should be noted that continued system and infrastructure repairs are vital in maintaining an operation that functions effectively and at a high rate of quality in both water and wastewater treatment, collection and distribution.

Reducing overall reliance on Water and Sewer Fund Balance as a revenue source for operational expenses and the establishment and maintenance of a systematic capital improvement program remains the two primary budgetary goals of Staff within this Fund.

Accordingly, the Town continues to seek grant and aid opportunities from outside funding sources to assist in repairing and improving the Town's utility.

The proposed Water and Sewer Fund Operating Budget for FY20 seeks to accomplish the following:

- Operating revenues exceed operational expenses and annual debt obligations, combined
- Operating revenues, along with capital investments, are anticipated to offset annualized depreciation of assets
- Continued funding of capital improvement and investment
- Funding is provided to explore greater technology integration into core areas of operation, specifically remote wireless/cellular metering system and enhanced SCADA monitoring and functionality
- Full-time staffing is increased over current levels with the funding of one Administrative Assistant to the Public Works and Utilities Director and one Human Resources Technician (these additional personnel costs are shared between the General Fund and that of the Utility Enterprise Fund), two additional Treatment Plant Operators, and a Treatment Plant Maintenance Supervisor
- Employee benefits are enriched with adjusted funding of 401K contributions from current year of 2.5% to 5% for all full-time employees
- Employee compensation is maintained at market levels
- Pay-for-Performance program is funded
- Funding is provided to implement the City Hall Space Optimization program in the form of a capital project to make physical modifications to the interior of City Hall
- Funding is provided for various capital purchases and projects
- Continued funding for professional development and training is provided
- Fund Balance is not scheduled to be appropriated

The following narrative offers expense outlooks for each of the departments within the Water and Sewer Fund.

Water and Sewer Enterprise Fund Department Budgets

1) Non-Departmental

Non-Departmental budgets among the various major funds of the Town are devised to identify and account for expenses that are generally shared by multiple or all departments within the subject fund. Costs relating to property and liability insurance, workers compensation insurance, unemployment insurance, and medical reimbursement plans are examples of such expense. The proposed FY20 non-departmental budget is \$338,730.00, which is a \$43,570.00 decrease from the current fiscal year.

2) Water/Sewer Administration

This department delineates administrative-related activities from other functions within the Fund. The proposed budget for this department for FY20 is scheduled at \$795,662.00, which is an increase of \$418,937.00 from FY19's budgeted amount of \$376,725.00. This increase is primarily attributed to partial funding shared with the General Fund for the hiring of a new full-time position, software upgrades to the Town's financial system, anticipated attorney fees, along with costs associated with buildings and grounds.

3) Water Treatment

The Water Treatment Department is proposed to see an increase of approximately \$625,963.00 for the coming year from the current fiscal year. Additional funding in this Department is anticipated to be necessary to support higher productivity of the Water Plant associated with the volume of treated water

demand from the new poultry industry. This additional cost comes primarily in the form of chemicals, utilities, sludge removal, maintenance of equipment, and personnel. Other costs increasing the annual operating budget of this Department include capital outlay for improving the road to the raw water impoundment and the construction of a chemical storage building. The purchase and installation of a permanent generator for the clear well, purchase and installation of pumps and valves and the purchase of one truck and a new forklift also contribute to the expansion of the Water Treatment Plant's operating budget for FY20. The proposed Water Treatment Plant operating budget for FY20 is \$2,151,012.00.

4) Wastewater Treatment

The Wastewater Treatment operating budget for FY20 is proposed to increase from current year funding levels with a budget of \$1,871,409.00. This is compared to the FY19 funding amount of \$1,549,411.00. Similarly to the Water Treatment Plant, this Department's budget is planned to expand with additional demand from enhanced industrial usage within the service area of the Town's utility system. These include additional chemicals and sludge removal, equipment maintenance, personnel and capital outlay. Capital outlay funded through this proposed budget includes repairs to the interior road at the Plant, filter media replacement, changing out/updating certain processing equipment and the purchase of a skid steer.

5) Water and Sewer Maintenance

The FY20 budget for this Department proposes an increase of nearly \$250,000.00. The proposed increase to this Department's budget is driven by an anticipated increase in activity relating to sewer system rehabilitation projects and the purchase of a storage building and a compact track loader. The proposed FY20 budget for this Department is \$831,883.00.

6) Transfers

The FY20 proposed budget anticipates expenses within this Department to amount to \$1,786,920.00, which includes debt principal and interest. This is an increase of approximately \$488,905.00 from appropriations approved with the FY19 budget. This additional "expense" is a transfer of funds from the operating budget to the Water and Sewer Fund Balance. Staff recommends working with the Town Board to identify what portion of this transfer to Fund Balance should be reverted for the purpose of capital reserve funding.

License Plate Agency (40 Fund)

The License Plate Agency (LPA) is an enterprise activity operated by the Town of Siler City. The LPA was taken on by the Town for the purpose of maintaining local access of these services to the larger Siler City community. The Siler City LPA operates under the guidelines of the State of North Carolina's Department of Motor Vehicles and the Town of Siler City Finance Department. The Town of Siler City LPA offers the same types of services as any other LPA and is located in the bottom floor of the Siler City municipal building.

Since its opening, the LPA has realized an increase in customer volume. A number of improvements have been made in the LPA operations area, including the construction of a third window to receive greater volumes of customers and to serve these customers in a timelier manner. In addition, services have been broadened with the payment of motor vehicle taxes as well as processing for various NC

Wildlife licenses. Accordingly, with increased customer volume, the Town has observed an increase in revenue.

License Plate Agency Fund Revenue Outlook

The proposed FY20 budget anticipates the operational revenues of the LPA to cover the operational expenses with projected revenues of \$147,700.00, which is an increase from FY19 budget of \$136,150.00.

License Plate Agency Fund Expenses Outlook

The proposed FY2019 budget recommends an increase in operating expenses of approximately \$11,500.00. This increase is to supply funding for additional personnel cost, such as increased part-time support. The recommended FY20 budget is set for this Department at \$147,700.00.

Additional Notes

As the Board and Staff look to the next fiscal year and budget preparations for FY21, Staff recommends the Board and Staff establish goals, which can be reduced to policy, that offer guidance for the levels of capital reserve budgeting and fund balance levels to be obtained. Any such goal(s) will require fiscal discipline and time to accomplish, but the establishment of these goals and formulating policy around the same will ensure that Staff clearly understands the Board's expectations in these regards. Moreover, establishing such policies affords the Board an ability to hold the budgeting process and its work product accountable. The faithful adherence to practices that seek to reach such reasonable and measurable objectives will tend to make long-term financial planning more mechanized and fruitful.

Executive Statement

Based upon the goals established by the Siler City Mayor and Town Board of Commissioners to maintain and enhance the quality of life and improved governmental service value for all of the citizens of Siler City, a conservative yet forward-looking budget has been drafted that sets the Town's commitment to providing high quality public services and improving upon such services in a fiscally responsible way. Such services and their improvements, however, require adequate operational funding while maintaining a close scrutiny on revenues throughout the year. The state of the economy and the impact that it has on the private and public sectors cannot be overly stressed. Continued conservative management of the Town's finances is critical to the fiscal health of the Town. In weighing the goals, objectives, needs and expectations of the Town of Siler City and the associated need for additional revenue, the current budget proposal, I believe, strikes a balance that improves long-term service levels while respecting the financial health of the Town government and its growing needs for years to come.

The Board of Commissioners discussed the new positons, fire tax, space optimization implementation, finance software, new vehicles and equipment.

The consensus of the Board of Commissioners was to set a public hearing for the 2019/2020 for Monday, June 17, 2019.

CLOSED SESSION

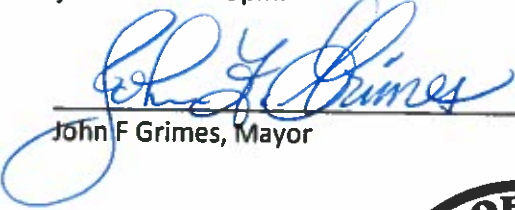
A motion to go into §143-318.11(a)(6) closed session to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or

investigate a complaint, charge, or grievance by or against an individual public officer or employee at 7:30pm was made by Commissioner Fadely, seconded by Commissioner Haiges and unanimously approved.


A motion to come out of closed session at 7:42pm was made by Commissioner Haiges, seconded by Commissioner Siler and unanimously approved.

ADJOURNMENT

With no further business the Board of Commissioners adjourned at 7:45pm.



John F Grimes, Mayor

ATTEST:


Jenifer K Johnson, Town Clerk

