

TOWN OF SILER CITY

The Siler City Board of Commissioners met in Budget Workshop Session on Thursday, June 12, 2014 at 6:30pm in the City Hall Conference Room with Mayor John Grimes presiding.

COMMISSIONERS PRESENT: Cindy Bray, Larry Cheek, Lewis Fadely, John Grimes, Thomas Price, and Tony Siler

STAFF PRESENT: Town Manager Bryan Thompson, Planning and Community Development Director Jack Meadows, Finance Officer Tammy Speicher and Town Clerk Jenifer Everage

BUDGET WORKSHOP

Police Department Replacement Windows

Mike Harrelson with Glass & Window Warehouse presented estimates for window replacement at the Siler City Police Department. The Board of Commissioners discussed the replacement windows. The consensus of the Board of Commissioners was to replace the windows without the warranty, which is estimated to cost less than \$15,000.

Proposed Budget Overview

Manager Thompson presented the following 2014-2015 Budget Overview:

General Fund

Resulting from the reduction in property tax base, along with the general increase in the cost of doing business and the Boards interest in reducing reliance on the General Fund Fund Balance; the Board requested Staff to revisit the proposed budget revenues by increasing property tax rate from \$0.45 to \$0.48. This \$0.03 tax rate increase also includes \$0.01, which is slated to help fund the hiring of a full-time Fire Chief (this increase is combined with a \$0.01 Fire District increase approved by the Chatham County Board of Commissioners). In addition to tax rate increase, the proposed garbage service fee is proposed to increase by 1.5%, which results from the Consumer Price Index increase forwarded to the Town by Waste Management, the Town's solid waste service provider.

The increase as herein noted enables the General Fund to meet all debt obligations, continue existing operations, fund additional code enforcement activity (minimum housing), fund the hiring of a full-time Fire Chief, replace seven failing windows at the Police Department, and replace aged computer equipment in several General Fund Departments. In addition to the foregoing, the proposed budget does not appropriate any General Fund Fund Balance; but rather is scheduled to contribute back to Fund Balance in the amount of \$27,180.00.

It should be noted that two outstanding budget issues are not fully addressed within this Fund. These include funding of abatement efforts for code enforcement activity and any changes to expenses that may be impacted with the selection of the Town's IT service provider. It should also be noted that the privilege license revenue projection has been slightly reduced in order to account for potential shortfalls resulting from recently adopted legislation. To this point, the noted legislation will have more dramatic revenue implications in the 2015-2016 Fiscal Year, as much, if not all, of this revenue source will be unavailable. With respect to additional expense notes, two departments realize an increase in travel and training (Fire and Inspections). With the prospective hiring of a full-time chief, additional funding in

this respect would be prudent for continued professional development, while the Inspections Department continues to build the capacity of the Code Enforcement Officer to gain additional building inspections certifications. The revised proposed budget continues to hold steady with not funding any capital purchase requests such as vehicles and equipment. The proposed General Fund budget is balanced where revenues and expenses are set at \$5,274,600.00.

Powell Bill Fund

This Fund remains unchanged from the first draft of the proposed budget. However, it should be noted that the Wastewater Treatment Plant grounds is being explored for improvements by installing an access road to the rear of the subject property by way of Progress Boulevard. This road would serve as the primary entrance for delivery vehicles for chemicals and other supplies. This improvement is precipitated by the deterioration of the small access bridge at the current primary entrance of the facilities. The subject bridge requires improvements for light vehicle traffic, but without more substantial and costly improvements, the bridge would not be able to continue to serve as an appropriate facility for the travel of larger transfer vehicles. In addition, the proposed road allows for more direct access to delivery points upon the Wastewater Plant property.

The initial intent for the planning and construction of the access road was to fund half of this project with current budgeted funds and the other half during the coming fiscal year. However, it is foreseeable that the current fiscal year will end prior to making the first funding installment. The funds from the current year budget within this Fund have not been encumbered and will be contributed back to this Fund's Fund Balance. If the Board approves this project in the next fiscal year, the unspent funding from the current year can be appropriated to the next year's budget. As stated in the budget message, the proposed 2015 Powell Bill Fund Budget also seeks to fund the purchase of two capital items (tractor for right-of-way maintenance and a salt box), which are proposed as a four-year installment purchase method. The proposed Powell Bill Fund budget is balanced where revenues and expenses are set at \$233,600.00.

Water and Sewer Fund

The proposed Water and Sewer Fund Budget for FY 2015 incorporates a rate increase as demonstrated in the following comparison:

Current Year

The current year rates and rate structure is as follows

Base Charge Water	23.00
Base Charge Sewer	7.00
Per 1000 Gallon Water	3.51
Per 1000 Gallon Sewer	3.51

Year 1 (FY2014-2015)

Year 1 rates and rate structure proposal is as follows:

Base Charge Water	23.00
Base Charge Sewer	10.00
Per 1000 Gallon Water	3.75

Per 1000 Gallon Sewer 3.75

The proposed rate increase is intended to assist the Town's Enterprise in advancing the long-term goal of operational and capital sustainability. The projected revenues are adequate to account for all debt service associated with this Fund as well as make needed capital improvements and purchases. Each capital item can be identified within the body of the budget document; however, the following offers a brief outline of the same.

- Administration
 - Capital Improvement Plan (CIP)
- Water Treatment
 - HVAC Repair
 - Roof Repairs (Plant and Pump Station)
 - Pump Repair
 - Valve Repair
 - Rebuild High Service Pump
 - Replace Valves in Pipe Gallery
 - Replace Chemical Pumps
- Wastewater Treatment
 - Roof Repair
 - Floor Replacement
 - RTU System Replacement
 - Vehicle Purchase
 - Gator Purchase
 - Replace Oxidation Ditch Valves
- Water and Sewer Maintenance
 - Purchase of Radio Read Meters
 - Purchase of 2 Laptop Computers
 - Vehicle
 - Brush Cutter
 - Security System Purchase
 - Inflow and Infiltration (I&I) Improvements to Sewer Collection System

In addition to funding debt service and funding the replacement and repair of outdated and aged equipment and facilities, the proposed budget for this Fund is planned to contribute \$106,840.00 to the Water and Sewer Fund's Fund Balance. The proposed Water and Sewer Fund budget is balanced where revenues and expenses are set at \$4,443,800.00.

License Plate Agency (LPA)

This Fund remains unchanged since the last budget workshop. Plans to construct and open a third service window to increase customer service and revenue enhancement are still part of the proposed FY 2015 operations. As noted in an earlier workshop, the third window will be dedicated to renewals only and will serve as an "express line" for simpler transactions.

The initial rollout of the express window will operate three days each week with a four-hour block each day, as illustrated in the following.

- Monday: 11:00AM – 3:00PM

- Thursday: 11:00AM – 3:00PM
- Friday: 11:00AM – 3:00PM

The proposed LPA budget is balanced where revenues and expenses are set at \$97,105.00.

Nuisance Abatement Program

Manager Thompson presented information on nuisance abatement programs located in other communities. Thompson presented the summary chart below:

Population	Town	Budget for Abatement	Town or Contractor
5,000	Farmville	NA	Town
5,000	Whiteville	3,000	Town
5,000	Wauchula, Fl	800	Town
5,000	Sawmills	3,000	Contractor
6,000	Gibsonville	4,000	Contractor
7,000	Oak Island	NA	Contractor
16,000	Eden	25,000	Contractor
16,000	Hope Mills	8,000	Contractor
20,000	Shelby	10,000	Contractor
25,000	Statesville	600	Town
87,000	Greenville	77,500	Contractor

The Board of Commissioners discussed the nuisance abatement programs. The consensus of the Board of Commissioners was that funds should be included in the 2014/2015 Budget.

Information Technology RFP

Manager Thompson updated the Board of Commissioners on the Information Technology RFP's. Thompson stated the committee has narrowed down the selection pool to two potential vendors, and in addition, each proposal will be further reviewed to ensure consistency between the levels of service proposed to be offered by each vendor. Thompson stated the committee plans to meet again early next week to review additional information.

Non-Profit Request for Funds

Manager Thompson presented request for funds from Non-Profit groups to the Board of Commissioners. The Consensus of the Board of Commissioner was while each of the Non-Profit groups is worthy; the Town's does not have the funds to support them this year.

Vehicle Take Home List

Manager Thompson presented a list that the Board of Commissioners requested of Town vehicles that are driven home by Town Employees.

Cost Saving Ideas

Manager Thompson presented the following cost saving items to the Board of Commissioners: During the last budget workshop, the Board of Commissioners requested Staff to review and present cost-saving measures that could be implemented in the coming fiscal year. Staff sought clarification to

determine if the Board was interested in revisiting any ideas already presented to, yet dismissed by the Board such as facility cleaning contract services. The Board instructed that Staff should revisit all such ideas and bring them to the Board for consideration at the next budget workshop. Following are several cost-saving measures that can be implemented to reduce the FY 2015 budget. The potential combined savings demonstrated in the following is approximately \$27,000.00 - \$28,000.00. This amount would nearly cover the projected cost of the purchase of fleet replacement items requested for the 2014-2015 Budget by the Police Department.

Uniforms

Currently the Town contracts with a vendor that provides employee uniforms and cleaning services for the same. Staff has reached out to US Communities, which offers premier pricing through a variety of vendors, to determine if more competitive pricing can be taken advantage of with respect to this particular service. Staff did find that a vendor that provides these services in the Siler City area is among those listed with US Communities. The Town currently uses this vendor for cleaning supplies and other items already; however, the Town has not been using this vendor for uniforms. Staff engaged the vendor to determine if savings could be realized by moving this service to them. The quote provided to Staff appears to have the potential to save the Town nearly \$9,000.00 per year. However, the Town currently has a contract with its current service provider. This contract would have to be bought-out in order to make this change. The buyout amount is approximately \$2,000.00. This would reduce the potential savings to \$7,000.00 for the first year, though subsequent years would realize the full potential savings amount.

IT Services

Staff is currently developing a recommendation for Board consideration pursuant to proposals received from the issued RFP. The proposed contract costs for each of the proposing vendors vary; however, the most reasonably priced vendor, if chosen, could reduce operating expenses by approximately \$10,000.00. The subject vendor has longstanding relevant experience in municipal IT services including providing such services to law enforcement. However, this issue is still under review by the committee and it is yet unknown what the resulting recommendation may be.

Copiers

Staff is currently in the process of changing copier vendors and equipment. The equipment and service was procured under State Contract and represents a net savings to the Town while increasing the number of machines and quality, efficiency, and speed of production. Furthermore, the noted equipment will utilize individualized pass codes that identifies users and usage quantity and type. This will better enable the Town to track activities, assign cost, and budget for materials in future year. In addition, the service agreement includes supplies such as toner; therefore, the Town will no longer be required to purchase such items separately. Moreover, an effort is being made to reduce the use of standard desktop printers with this changeover. Reducing the use of such printers should greatly reduce costs associated with the purchase of costly ink cartridges. The exact cost savings has not been quantified for the purpose of this report as such savings will become more evident and quantifiable through the exercise of the coming year's budget.

Cleaning Services

Currently the Town outsources cleaning services for all facilities except that of Parks and Recreation. Parks and Recreation has two part-time employees who conduct cleaning activities on a couple of park facilities along with conducting other part-time work for the Department. The estimated cost of providing cleaning services in its current state is \$34,850.00. As suggested by Terry Green, Public Works and Utilities Director, Staff calculated weekly work hours for the various Town facilities at a given hourly rate for part-time employees to conduct the facility cleaning activities otherwise conducted as earlier described. The following is an overview of the model drawn to illustrate potential cost savings.

2 Part-time Employees working a total of 35 hours each week (17.5 hours each per week)

Hours per facility per week

3.5 Library
3.0 Public Works Shop
10.5 City Hall
8.0 Police Department
10.0 Parks and Recreation

At a hiring rate of \$12.50 per hour

The base rate of pay for the year would equal \$22,750.00

Including FICA, the annual combined pay equals \$24,490.00

The Town already provides some cleaning supplies, but additional supplies will need to be purchased throughout the year. These supplies can be purchased through the vendor mentioned earlier regarding uniforms (the Town already purchases such supplies through this vendor at Parks and Recreation facilities). The potential cost is \$1,000.00 annually (high estimate).

Purchase of two vacuum cleaners - \$500.00 each (\$1,000.00)

Total projected cost - \$26,490.00 (first year) - \$25,490.00 (subsequent years)

Total Cost-savings Potential - \$8,360.00 (first year) - \$9,360.00 (subsequent years)

It should be noted that the hourly rate used in this calculation can be changed to a lower rate if to enhance greater cost savings. For instance, at \$12.00 per hour, the base cost would be \$21,840.00, which when backing out additionally for FICA, the savings would increase by another \$1,000.

Total Potential Expense Reduction

Uniforms: \$9,000.00
IT Services: \$10,000.00
Cleaning: \$9,360.00
Total: \$28,360.00

Total potential cost savings equals 70% of \$0.01 of property tax levy (or over half of a penny on the tax rate).

Utility and Waste Services Billing

Inactive Accounts

Currently the Town does not bill for garbage or utilities for inactive accounts. Inactive accounts are typically improved properties with no active tenants or active use. This could be a house that is on the market or otherwise not in use. This could also apply to a commercial building or downtown storefront.

Waste Services

From a recent review of the billing practices and related expenses of waste collection and disposal services, it appears that the Town does not charge for such services if the property maintains an inactive utility account (the account has been discontinued). However, the Town's contract service provider (Waste Management) continues to bill for the same accounts. This can be corrected by processing work orders to have the subject trash containers removed from the property by the service provider and have the service provider remove such charges from the Town's monthly invoice. If the property owner would like to have the subject containers remain on the subject property, the Town can begin billing for these services, which should reduce the number/amount of expenses associated with this service which are not being billed by the Town. There are nearly 200 accounts that fit this description. If the Town were to apply the aforementioned steps, the Town could see a net change in expense and/or revenue in the amount of +/- \$26,000.00 annually. These measures can be taken in the coming fiscal year.

Utilities

Similar to solid waste services, inactive accounts are not being billed by the Town. Many public utilities in the State tend to charge a base minimum charge to all improved properties that have taps and meters (and sometime even availability to the utility) located at or about the subject property. If the Town were to charge the minimum rate to all improved properties that have utility availability or meters, the Town could see an increase in revenue performance. An estimated amount of increased revenues, assuming 200 accounts, equals \$79,000.00 (assuming a \$33 minimum). Of course, with respect to this activity, some accounts will be uncollectable. Therefore it is difficult to determine actual revenue potential. This is a measure that would have to be studied and policies and procedures adopted. If the Board were interested in exploring this concept, Staff recommends conducting the study during the 2015 FY, and not implement until a future budget year.

Multiple Units and/or Multiple Meters

The Town's Ordinance requires multifamily/multiunit developments being served by one or more master meters are charged a minimum utility bill multiplier (the minimum is multiplied by the number of units within the development). The proposed rate structure for FY2015 does not apply this multiplier, as the Board tended to indicate that it would like to see the multiplier be removed in order to alleviate extra burden to business developments. In addition to the above noted method of billing on a "multiplier", often public utilities will bill one minimum per meter serving a location. However, the Town does not currently apply this method. If the Board were interested in either of the two multiplier approaches, Staff recommends utilizing only one. Of the two approaches, the per-meter multiplier appears to be strong in justification and certainly stronger than the former of the two.

Billing – Based on Meter Size

This is an option briefly discussed with the NC Rural Water Association, who conducted the rates analysis, yet due to the lack of recorded information on meter sizes per account, this was not a workable alternative for the initial study and recommendation. Through the next year’s operation, Staff will make efforts to more fully inventory and record meter sizes so that an analysis can be conducted in consideration of this information. Typically, establishing rates based on the size of meters is a sound industry standard that accounts for long-term capital liability and improvement implications.

2014/2015 Fee Schedule

Thompson presented a draft fee schedule to the Board of Commissioners. The Board of Commissioners discussed the proposed fee schedule. The consensus of the Board of Commissioners was the Recreation Fees needed to be consistent for in town and out of town when any change.

Policy on Payment and Disconnections

Manager Thompson and Finance Director Speicher presented the proposed changes to the Town’s Utility Policies and Calendar. According to Thompson the proposed changes are intended to increase quality customer service provided to Utility customers.

Water Deposits

Thompson presented the following changes to the Town’s Policy on Water Deposits:

- Application for new service must be made in person in the Finance Office of the Town of Siler City. Valid photo identification, your social security card and a rental receipt or lease agreement with the exact service address is required.
- Once application has been made, the deposit amount will be determined according to the schedule below:

	Approved	Caution	Alert
Inside	\$ 80.00	\$ 150.00	\$ 300.00
Outside	\$ 120.00	\$ 190.00	\$ 340.00
Years Deposit Held	1 year	2 years	3 years

- Homeowners automatically qualify as “Approved” status with a copy of the Deed of Trust or Settlement Statement.
- If an applicant does not have a credit score or does not provide a social security card, the Alert amount will apply. The credit score is obtained from Online Utility Exchange and the Town does not have specific knowledge or control of the actual credit score.
- Water deposits will be applied to the outstanding bill in the next applicable month according to the chart above if the account has been paid on time for the period indicated in the chart above.

Siler City ABC Board

Manager Thompson presented the Siler City ABC Board Budget and Message to the Board of Commissioner. Thompson stated this is an informational item and no action was required.



John Grimes, Mayor

ATTEST:



Jenifer J Everage, Town Clerk

