MINUTES
Wednesday, April 6, 2022: 8:30 AM
Town Council Budget Retreat
C. Michael Haney Community Room: Southern Pines Police Department
450 W. Pennsylvania Ave

1. CONDUCT AGENDA MEETING

a. ***Upon conclusion of the Agenda Meeting, Council will take a 15+/- minute break and live stream will end***

The budget meeting commenced at 10:07 am and the following members of Town Council were present: Mayor Carol Haney; Taylor Clement; Paul Murphy; Bill Pate; and Ann Petersen.

Town Manager Parsons gave an overview of the agenda and timing sequence of approvals through the final vote at the June 2022 Business Meeting to adopt the Fiscal Year 2022/2023 budget.

Town Manager Parsons asked for a decision regarding the continuance of glass being included as part of recyclables when negotiating the next waste management budget so that the Town can start educating the citizens.
Discussion ensued

2. ENTERPRISE FUND

Town Manager Parsons noted that an updated packet was published late yesterday.

The figures contained within the draft Utilities Budget include the following assumptions:

- A 5% increase to both the water and sewer base and per/1000 rates effective July 1, 2022, in order to remain on pace with our CIP and operational expenses.
- The continuation of the current SDF fee as calculated by our 2020 Study.
- Working toward acceptance of an ASADRA loan for $2,998,000 which has no immediate impact on the operational budget.
- Scheduled replacement of a sewer vac truck - accounted for twice relative to budget appropriations but only one time to expenditures to allow the truck to be ordered at the current price with delivery to come after June 30, 2022.
- Continuation of our CIP which includes Water and Sewer line improvements, Penn/PeeDee waterline project, water plant modernization and sanitary sewer modernization.

Discussion ensued regarding the water/sewer system and needed updates.
Retained Earnings Summary for Fiscal Year 2022/2023 was reviewed - including a 5% increase

Town Manager Parsons reviewed the proposed Capital Reserve Fund Resolution, which is historically adopted each June to move money left from projects completed to projects currently in progress.

a. General Rates Discussion

Town Manager Parsons reviewed the staff recommendations for the Council. Proposed rates are based on a 5% increase across the board with an average use of 5,000 gallons/month per household, which will result in an increase of $3.49/month or $41.88 annually.
Discussion ensued.

b. Revenues & Expenditures

Town Manager Parsons reviewed the staff report for the Council, noting that revenues are based upon the 5% increase in water/sewer fees.
Discussion ensued.

c. System Development Fees

Town Manager Parsons reviewed the staff recommendations for a continuation of the current SDF Fee as calculated by the Town's 2020 study. The Town utilizes actual receipts from the previous twelve-month period between April 1st and March 31st. Town Manager Parsons presented a draft resolution to the Council that details the estimated fees.
Discussion ensued.

d. Capital Projects

Town Manager Parsons detailed the proposed capital projects scheduled for FY22/23.

3. ARPA DISCUSSION

a. Update Regarding Recommended Approach

Town Manager Parsons reviewed the current options and guidelines that have been published surrounding the American Rescue Plan Act Fund money, noting that the rules could still change before actual funds are received and discussed with the Council the staff's recommendations.

4. GENERAL FUND

a. Tax Rate - Estimated County Valuation

Town Manager Parsons presented to the Council several charts, including one that contained the property Tax Valuation Trends for the last 10 years. Our estimates are calculated at a 98.5% collection rate = .289217 per penny. Another slide reviewed tax data from the last 37 years. Moore County has a scheduled re-evaluation for next year.
Discussion ensued.

b. Draft Revenue Projections

Town Manager Parsons reviewed the data with the Council making the following points.

- The vast majority of our projected revenues come from property and sales tax.
- The proposed FY 22/23 budget is calculated assuming a $0.40 tax rate.

- Recreation revenues are proposed to increase based on new programs and increasing attendance.
- Revenues for recycling fees is based on the proposed rate increase

Discussion ensued.

c. User Fees - Solid Waste

Assistant Town Manager Jessica Roth addressed the Council regarding waste services. If we eliminate the current curbside glass recycling, our vendor will tip at Moore County landfills. Initial fees were based on the current tipping site used by our vendor, which is out of county. This change still results in a positive net savings, but is less than previously estimated.

Discussion ensued.

Based on the current state of recycling tipping fees, it actually costs more to recycle than it does to dispose of garbage.

The staff proposal recommends that users pay for 75% of the combined collection and disposal costs. Councilmember Clement suggested that the user pay 100% of the collection fees and the Town cover the disposal fees, in an effort to be more transparent on actual costs.

Councilmember Petersen suggested an increase in FY 22-23 to cover part of the cost increase and then another increase, perhaps the following year, depending on contract negotiations.

Discussion ensued.

The Council agreed to increase fees so that residential customers will cover 60% of the collection and disposal fees beginning with the FY22/23 budget year. Fees for commercial customers will increase to 100% of collection and disposal fees.

d. Organizational Chart

Town Manager Parsons presented a draft organizational chart to the Council that includes the reclassification of Fire Chief Cameron's position to that of Assistant Town Manager/Fire Chief. The Assistant Town Manager position would provide oversight for the Engineering & Utilities, Public Works, Information Technology and Fire Departments as these departments already work closely together in several functions. Current Assistant Town Manager Roth will oversee the Library, Planning, and Recreation & Parks departments, along with the functions of Town Clerk and PIO.

Discussion ensued and Council expressed consensus for this change.

e. Staff Compensation - Retirement, Major Medical, COLA/Market Adjustment

Town Manager Parsons addressed the impact of personnel costs on the budget. The town is experiencing a shortage of employees across all professions. After researching the current job market, staff proposed a 5% market adjustment across the board for all employees.

- The state has increased the employer portion of retirement for employees - the town will be contributing 12.1% for regular employees and 13.04% for law enforcement officials.

Discussion ensued.

f. Staffing - Review of New Position Requests

Town Manager Parsons presented staffing requests that are included in the proposed budget:

- Information Technology requests 1 new position of Business Analyst/SharePoint Developer/Website Administrator - projected to start January 2023.
- The Police Department requests 2 new positions for patrol officers (not purchasing new vehicles for them in this fiscal year so the cost is decreased for this fiscal year) - projected to start July 1, 2022.
- The Planning Department requests 1 new position for Planner II - projected to start January 1, 2023.

Discussion ensued.

g. Draft Expenditure Projections

Town Manager Parsons reviewed projected increases in purchasing:

- Janitorial Supplies +7%
- Printing +3.5%
- Office supplies +5%
- Utilities - Gas = 6%
- Energy = 3.5%
- Postage +5.9%
- Mileage +$0.02.5 per mile

  * These figures do not include the increase in fuel prices.

Discussion ensued.
Town Manager Parsons reviewed the budget by line item for the Council, providing details for each.

h. FY 22-23 Bottom Line and Next Steps

Town Manager Parsons explained the long standing town policy of having a 25% reserve fund and discussed various options on budget spending with the Council.
Discussion ensued.

i. Capital Projects - Recommended

Town Manager Parsons reviewed staff requests and presented the following projects that staff recommended and are included in the proposed FY 22/23 budget:

- IT = ESX Server
- Police Dept. = 4 replacement patrol vehicles
- Police Dept = 2 replacement investigation vehicles
- Fire Dept = 2 replacement vehicles
- Fire Dept = Extrication Equipment
- Streets - Resurface Town streets & roadways due to current conditions
- Buildings & Grounds = Self-Propelled Lift (moved from this year to next year)

j. Capital Project Funds

Town Manager Parsons reviewed the current status of the Town's Capital Project Funds with the Council.
Discussion ensued.

k. Potential Projects Post July 1

Town Manager Parsons presented a list of projects that can be considered after July 1 due to revenue replacement funding from ARPA. These were all projects that were eliminated in order to balance the proposed FY 22/23 budget.
Discussion ensued.

5. COUNCIL DISCUSSION OF ADDITIONS/DELETIONS TO BUDGET

* Councilmember Petersen requested that the council consider hiring a traffic engineer on retainer for staff use on proposed projects.
* The Council would like more information on the following projects:
    - Library bathroom remodel
    - Library desk project
* The Council would like the Douglass Community Center Parking Lot Improvement Project be removed from the budget at this time and moved to the potential project lists.
* The Fire Lane Parking Lot Project might need to be reconsidered in the priority list.

6. OTHER

Councilmember Petersen asked for a traffic engineer to added on retainer for use by the town during the project application process.

7. ADJOURN

Mayor Haney thanked all the Department Directors, Town Manager Parsons, Assistant Town Manager Roth, and Finance Director Tess Brubaker-Speis for all of their hard work on the proposed budget.
Upon a motion by Councilmember Petersen, seconded by Mayor Pro Tem Murphy and carried unanimously, Council adjourned at 5:03 pm.

Respectfully submitted:

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Elizabeth Robertson, Town Clerk