

MINUTES OF SPECIAL BUDGET WORK SESSION HELD APRIL 4, 2022

SPECIAL MEETING The Granite Falls Town Council held a Special Budget Work Session on Monday, April 4, 2022 at 6:00 p.m. in the Council Chambers of the Administrative Building.

PRESENT The following members of the governing body were present: Mayor Dr. Caryl B. Burns, Council Members Ritch Bolick, Larry Knight, Jim Mackie, Mike Mackie, Martin Townsend and Tracy Townsend.

ABSENT The following member of the governing body was absent: None

STAFF PRESENT The following staff members attended the meeting: Town Manager Jerry Church, Town Attorney Bruce Cannon, Town Clerk Paula Kirby, Assistant Town Manager/Finance Director Jana Williams, and Assistant Police Chief Brine Branham.

VISITORS None.

NEWS MEDIA No news media attended the meeting.

MEETING CALLED TO ORDER Budget Committee Chairman Tracy Townsend called the meeting to order and welcomed everyone present.

AGENDA APPROVED Larry Knight made a motion the Council approve the agenda as presented. Jim Mackie seconded the motion, with a unanimous affirmative vote.

NEW BUSINESS

CIP UPDATE Town Manager Jerry Church updated the Council on proposed changes by department to the fiscal year 2022/2023 Capital Improvement Plan (CIP) from the 2021/2022 CIP. The update covered CIP projects that will be completed by June 30, 2022 and new projects that have been added during this update. Council was reminded of the importance of updating this “living” document each year since internal and external forces cause us to change priorities and that the needs of our citizens also change. Council was also reminded what an important role the Department Heads play in determining the CIP projects and ranking them in order of importance for their areas of responsibility.

PROPOSED 2022-2023 CAPITAL OUTLAY BUDGET Town Manager Church updated the Council on the proposed 2022/2023 Capital Outlay Budget by department. During this

discussion, Council was cautioned that this is our best projection at this point since staff can't pinpoint the exact delivery dates or prices of many items.

The Council was presented a summary of the proposed 2022/2023 Capital Outlay budget by Department compared to the amended 2021/2022 Capital Outlay budget by Department. The proposed 2022/2023 budget exceeds the current year budget by \$662,000. The main differences are the replacement of a tractor and side-boom mower in the Street Department, the new parking lot and ADA sidewalk at the Rec. Center (\$330,000 grant), a Hydro-excavator truck for the Water/Sewer Department, and a bucket-truck replacement in the Electric Department.

The Council was reminded that they were not being asked to approve the CIP or the Capital Outlay budget. The CIP will be presented for approval at a future Council meeting and the Capital Outlay budget will be approved as part of the 2022/2023 budget during the budget public hearing on June 20, 2022.

NON-CIP PROJECTS FOR FISCAL 2022-2023 Town Manager Church reviewed a schedule of non-CIP projects that will be completed by June 30, 2022 and staff explained how the Department Heads use this portion of the CIP to track the timing and completion of important or recurring items.

BUDGET OVERVIEW Town Manager Church informed the Council of the following:

Revenue Outlook

- a. 47% of General Fund Revenue comes from Property Taxes – No tax increase is proposed except for a 1 cent increase in the South Caldwell Fire District Tax.
- b. 26% of General Fund Revenue comes from Sales Taxes – Sales Tax Revenue continues to exceed the prior year by 20% and the current year budget by 9.5%. It is difficult to tell how much of the sales tax revenue increase is due to inflation versus increased demand for goods. The NCLM revenue projection report should be out soon and will give us some guidance on next year's projected sales tax revenue.
- c. Most of the other General Fund Revenue can't be predicted yet since we haven't received the NCLM report. We expect the Rec. Center revenue will increase due to having a full pool season this summer and the addition of indoor soccer as a summer sport. We will have a new contract for refuse collection with Republic Services which may require an increase in our Solid Waste Fees charged to citizens.
- d. Water/Sewer rates are projected to increase by approximately 5% across the board due to the higher costs of chemicals, supplies, wages and benefits. We are completing a Water/Sewer rate study through The Wooten Company but we can't finish this study until after the Electric rate study is completed since the Water Treatment Plant is a very large electric user.

- e. We are completing an Electric rate study through ElectriCities. Electric rates are projected to go down for residential customers by approximately 2.5% which should offset the 5% water rate increase. Electric rates for commercial, industrial, and institutional customer rates will increase slightly. Customers on CP rates will see larger rate increases as we try to work out of these open-ended arrangements.

Expense Outlook

- f. We will continue to address aging infrastructure, plan for the future, and invest in human capital – as Town employees are our most valuable assets.
- g. We will utilize the WPCOG to maintain the Town ADA Transition and Stormwater Plans and to plan, expend, and comply with all aspects of the American Recovery Plan Act (ARPA funds).
- h. We will have to plan for increases in the Local Government Retirement Plan employer contributions (+.69% for non-LEOS and + 1.00% for LEOs) and we have put our health insurance coverage out for bids which we will receive later this month. We recently added 4 additional firefighters to our headcount which now stands at 67 employees.
- i. There is no debt in either the General Fund or the Electric Fund and debt service in the Water/Sewer fund will be about \$250,000.
- j. Inflation in the cost of supplies and in materials is a big concern going into fiscal year 2022/2023. We anticipate that fuel costs will cost the Town almost \$50,000 more next year. The estimated increased costs of maintenance and supplies will be around \$130,000 with the most impact coming in the Electric Department and in the Water/Sewer Department. We will also have cost increases in IT equipment, service contracts, cell phones, and cybersecurity of around \$40,000. Based on these cost increases, the Department Heads will have to look closely and diligently at the Town fee schedules to make sure our 2022/2023 rates reflect and recoup the cost increases we will receive.

BUDGET IMPUT Budget Committee Chairman Tracy Townsend stated that this budget was difficult due to inflation. He stated that miscellaneous funds in each department will help in emergency situations. Town Manager Church stated that all three funds are in good financial shape going into next year's budget.

The Council was in consensus that staff is on the right track in the budgeting process.

Chairman Townsend thanked Town staff for their hard work on the budget. He asked if anyone had any concerns moving forward. Martin Townsend stated concerns about fire protection coverage for a new development to be built in Rhodhiss, and extra man power needed at the Fire Department. Town Manager Church stated that we were close to having all paid firefighters and no volunteers. He is monitoring the situation.

Mayor Caryl B. Burns stated that she would like the Town to apply for all available grants.

****COPIES OF THE SPECIAL BUDGET WORK SESSION MATERIALS ARE ATTACHED AND ARE HEREBY MADE A PART OF THESE MINUTES.**

MEETING ADJOURNED Martin Townsend made a motion the Council adjourn the meeting. Mike Mackie seconded the motion, with a unanimous affirmative vote.