



May 23, 2013

MINUTES

The Holly Springs Town Council met in a duly-called special session on Thursday, May 23, 2012 in Holly Rooms A and B of the Holly Springs Cultural Center. Mayor Sears presided, calling the meeting to order at 12 p.m. A quorum was established as the mayor and all five council members were present as the meeting opened.

Council Members Present: Mayor Sears and Councilmen Jimmy Cobb, Chet VanFossen and Tim Sack and Councilwomen Cheri Lee and Linda Hunt Williams.

Council Members Absent: None.

Staff Members Present: Chuck Simmons, town manager; Joni Powell, town clerk (recording the minutes); Linda Harper, deputy town clerk; Gina Clapp, director of planning and zoning; Rick Ralph, information technology technician; Ricky Blackmon, director of code enforcement; Mary Hogan, finance director; Drew Holland, budget manager; Irena Krystanovic, economic development coordinator; Len Bradley, director of parks and recreation; Erika Phillips, human resources director; Leroy Smith, fire chief; John Herring, police chief; Luncie McNeil, public works director; Daniel Weeks, project analyst; Seann Byrd, public utilities director; Stephanie Sudano, director of engineering; and members of several town departments.

Mr. Simmons reviewed the annual budget message providing highlights of the proposed budget with the Town Council.

Budget highlights were included in the manager's budget message, which is below [Note: any first-person references in the message below refer to former Town Manager Carl G. Dean, who authored the message before his sudden death in April prior to his proposed budget's being presented to Town Council] :

"Fiscal Year 2013-2014 Budget Message

Holly Springs continues to be a great place to live as the Town maintains positive growth that enhances the Town's ability to improve services provided to citizens and to invest in the Town's future through transportation projects, water and sewer infrastructure and parks and recreation facilities.

To ensure that the Town's growth is managed in a sensible, strategic and sustainable way, the management team and staff constantly evaluate development to ensure there exists a healthy balance of necessary and innovative growth and adequate protection of quality of life and town character. As our Town continues to develop, a clear vision should be maintained with this balance in mind. This vision should include managed growth to enrich the quality of life objectives of the Town; economic development in keeping with our community; investment in the Town's future through careful planning, funding and scheduling of capital projects; beneficial partnerships to provide opportunities and funding for improvements; and innovation in developing the Town's identity and promoting the highest standards for our citizens.

In the current economic climate, we identified priorities in how we would achieve both the goals of the organization and the service needs of our citizens. As reported earlier this year, while our finances have remained consistent over the last year -- especially in relation to other communities -- we still felt it important to budget conservatively. We limited the number of new positions requested; eliminated a vacant position when we determined that we could absorb the workload; identified areas that we felt we could have an additional revenue stream; and have

restricted spending for the remainder of the year as we do every year. This budget has been developed to meet all the various needs of both our organization and our community, but one which I feel will provide us flexibility in the future.

The proposed budget is designed to keep the Town on a course to meet these objectives during the next year. Highlights of FY 2013-2014 budget are as follows:

Revenues – General Fund

- A. Ad Valorem Taxes: Figures are based on a 99% collection rate with an approximate tax base of \$3,516,300,000 keeping the existing tax rate at \$0.435 per \$100 valuation.
- B. State Revenues: The state-shared revenues are estimated based primarily on previous years' collections. The legislature still is in session, and the state is considering options that could eliminate various state-shared revenues such as, Utility Franchise Tax, Beer & Wine Tax as well as our authority to levy privilege licenses. While alternative revenue streams are being considered by the state, none have been finalized. So we will continue to monitor the state's progress on the revenue impact for the Town.
- C. Solid Waste Fees: There is no increase in monthly garbage collection fees, recycling fees or yard waste fees. The monthly fee will remain \$9.50, \$4.25 and \$2.00 respectively.
- D. Fund Balance: We have not appropriated any funds from Fund Balance.

Revenues – Utility Fund

- A. Water & Sewer Rates: There is no increase to the water and sewer monthly access or to the existing water and sewer rate in the proposed FY 2013-2014 budget primarily due to savings from debt refinancing. We were able to reduce Utility Fund debt by approximately \$500,000 from the refinancing and annual debt pay down.
- B. Fund Balance: We have not appropriated any funds from Fund Balance.

Expenditures – General Fund

- A. All capital items have been appropriated, and a list has been provided of each department's requests for your review in the Capital Outlay section of this proposed budget.
- B. Seven (7) new positions are proposed in the General Fund: Four Police Officers and Three Fire Fighters in Public Safety. We have eliminated the unfilled Planning Technician in the Planning & Zoning budget. Other Reclassifications and position changes can be found in the Salaries & Positions List section of this proposed budget.
- C. This budget includes contributions to nonprofit organizations of \$15,000 to be designated as the Council so desires, a \$10,000 membership renewal to the Holly Springs Chamber of Commerce and a \$5,000 contribution to TRACS, totaling \$30,000.
- D. All debt service requirements have been appropriated in this budget to meet our debt obligations. The statement of debt is included for your review.

Expenditures – Utility Fund

- A. All capital items have been appropriated and a list of each department's request is provided for your review.
- B. No new positions have been proposed in the Utility Fund. Other reclassifications and position changes can be found in the Salary & Positions List section of this proposed budget.
- C. All debt service requirements have been obligated in the FY 2013-2014 budget. A statement of debt is included for your review. Over the last seven (7) years, we have been placing funds in reserve to cover the cost of the Harnett County Water Plant Capacity debt, and for that reason we are using \$1.012 million for the debt payment next year. This was planned when we considered expanding the water capacity to allow the Town to grow into these costs in the future.

Other Highlights

The salary requirement for next year includes a market adjustment of 2%. Funding is provided in each department for merit/performance pay in the amount of 3% of salaries. The salary

budget also includes a 5% 401(k) contribution and longevity benefits and a State-mandated Retirement of 7.07%.

Employee health insurance has been budgeted with a 6% increase in the rates for next year. This increase is due to several large claims from the previous year. One aspect of our insurance policy which has saved us money is due to a reduction in the use of the emergency room, resulting from better educating our employees.

With the current economic environment, our goal is to create a budget that will maintain and improve services to citizens while still controlling the costs for these services. I feel the Town of Holly Springs has a solid and conservative budget for next year.

As part of the budget process it is important to have new development absorb additional expenses for infrastructure rather than passing cost on to existing citizens. We have used a portion of water capacity fees in order to maintain the current debt obligations and operations within the utility fund. The remaining water and all sewer capacity and acreage fees continue to be removed from the operating budget to go directly into reserve accounts. It is important that the Town gradually reduce its dependence on impact fees and charges for operating expenses, and we will continue to attempt to reduce these charges in future budgets to eliminate potential financial problems within the operating budget.

I have included with your budget the departmental worksheets we used in developing this budget proposal. I hope this will provide you with a better overview of the process and issues discussed during the budget-balancing procedure.

As we proceed into the next several years, we will continue to evaluate projects and personnel needs as they relate to the provision of services. We have several substantial projects (water, sidewalks & greenways, park improvements) which will be initiated during this fiscal year; therefore, it will be important to prioritize programming needs with future budgets. We will continue to work with Council, staff, and citizens to establish our goals and objectives as the Town grows to provide the level of services expected.

As mentioned previously, we have several major projects currently underway, water and sewer line extensions, streets, sidewalks, additions to existing town parks, and ongoing involvement in economic development. As I have stated earlier, this document represents the budget as I would normally provide in a normal year, and addresses a regular operating budget for FY 2013-14.

Town staff has been instrumental in the development of this document, and I feel they have done a good job of controlling costs while providing service levels expected by the Town Council and our citizens. This budget is my best estimate of what we should expect next year, and I feel it represents a fair assessment of our anticipated revenues and expenditures.

This budget reflects my recommendations based on department meetings, evaluation of existing service needs, and input from Town Council. I would like to say a special thanks to our department heads—especially the Finance Director and Assistant Town Manager—for their time and effort in the preparation of this document. Without their help, this budget could not have developed to address both present and future service needs.

While I felt it was important to provide you with a balanced budget at this time, we are still working out some issues which could potentially change these numbers. I anticipate these issues to be addressed at the budget work session. [Note: this paragraph was inadvertently left in the budget message template and should not have been included this year.]

The FY 2013-2014 Budget represents a level of funding that will allow the Town to maintain and improve current service levels while making organizational changes to provide the best possible programs for our citizens. It is important to note that with any budget external forces can affect these projections, and it is for that reason that the figures proposed in the FY 2013-2014 Budget are a very conservative forecast of our revenues and expenditures for the next year. Overall, the General Fund budget has increased by 2.4% or \$669,815 from the current budget. The Utility Fund has decreased by 8% or \$937,550 from the current budget.”

In discussions:

- Staff of the Parks and Recreation Department described a need for a large passenger bus for increased participation and increased comfort of seniors, especially on their longer field trips.

Council discussed the costs between 30- and 55-passenger buses and between leasing and buying. Neither leasing or buying are included in the budget.

Mr. Simmons suggested that the budget be adjusted to include funds to pay for the chartering of large, more comfortable buses to use in the interim until the Council decides whether to buy or lease a 30- or 55-passenger bus.

The bigger buses were discussed so that there would be a means for the Town to accommodate more people, who currently are relegated to waiting lists for every trip. It was noted that a larger bus also could be used for other programs, including the after school and summer camp programs.

Mr. David Mallard of the parks and recreation department said he and other support staff would be willing to get their commercial driver's licenses so that there would not be the additional cost to the Town of hiring a driver.

Direction: Adjust the FY 2013-14 budget to add \$10,000 in expenditures and a slight increase in fees / revenues to be used for chartered transportation until the Council takes action on the purchase or lease of a bus.

Direction: Council wants a comparison of costs between the 30- and 55-passenger buses and a break-down of the cost per trip.

- Council discussed the need for the four police and three fire positions that are requested. There seemed to be a consensus that the Town's growing population and growing non-residential development creates and justifies the need for those seven positions.
- In general discussions, personnel and program needs were discussed, and Mr. Simmons and department heads fielded questions from Council members. There were no other discussions that resulted in changes to the proposed budget for either the General or Utility Fund.

Mr. Simmons said the Council will hold a public hearing on the budget during its June 18 regular meeting.

Adjournment: There being no further business for the afternoon, the May 23, 2013 meeting of the Holly Springs Town Council was adjourned following a motion by Councilman Sack, a second by Councilman Cobb and a unanimous vote.

Respectfully Submitted on Tuesday, June 4, 2013.



Town Clerk

These minutes follow and are a part of the official record.

