



May 19, 2014

MINUTES

The Holly Springs Town Council met in a duly-called special session on Monday, May 19, 2014 in Holly Rooms A and B of the Holly Springs Cultural Center. Mayor Sears presided, calling the meeting to order at 5:30 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, Hank Dickson 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; John Schifano, town attorney; Gina Clapp, director of planning and zoning; Jeff Wilson, information technology director; Ricky Blackmon, director of code enforcement; Mary Hogan, finance director; Drew Holland, budget manager; Jenny Mizelle, economic development director; Len Bradley, director of parks and recreation; Adam Huffman, assistant director of parks and recreation; Erika Phillips, human resources director; Leroy Smith, fire chief; Jamie Holland, battalion chief; John Herring, police chief; Mike Stone, detective; Luncie McNeil, public works director; Daniel Weeks, senior project manager; Seann Byrd, public utilities director; Stephanie Sudano, director of engineering; and Kendra Parrish, senior engineer.

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:

"Fiscal Year 2014-2015 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 Holly Springs continues to develop, a clear vision should be maintained with this balance in mind. This vision should include managed growth that enriches 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.

We have identified priorities in how we would achieve both the goals of the organization and the service needs of our citizens. 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; 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 2014-2015 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 \$3,701,480,000 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 adjust various state-shared revenues, as well as our authority to levy privilege licenses. 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.
- E. Other Source Financing: No additional financing is being proposed within the General Fund.

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 2014-2015 budget.
- B. Fund Balance: We have not appropriated any funds from Fund Balance.
- C. Other Source Financing: No additional financing is being proposed within the Utility Fund.

Revenues – Stormwater Fund

- A. Stormwater Rates: This is a new enterprise fund and fees related to management and implementation of the unfunded federally mandated stormwater management program in the proposed FY 2014-2015 budget.

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.
- A. Four (4) new positions are proposed in the General Fund: A Building Code Inspector, a Planning Technician, a Parks Maintenance Technician and a Public Works Technician. Other Reclassifications and position changes can be found in the Salaries & Positions List section of this proposed budget.

- B. *This budget includes contributions to nonprofit organizations of \$20,000 to be designated as the Council so desires, a \$10,000 membership renewal to the Holly Springs Chamber of Commerce, totaling \$30,000.*
- C. *All debt service requirements have been appropriated in this budget to meet our debt obligations. The statement of debt is included for your review.*

Expenses – Utility Fund

- A. *All capital items have been appropriated and a list of each department's request is provided for your review.*
- B. *One (1) new position has been proposed in the Utility Fund: A Customer Service Representative. 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 2014-2015 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 \$1.005 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.*

Expenses – Stormwater Fund

- A. *Salaries for four existing positions are being transferred from the Utility Fund to the new proposed Stormwater Fund. Other expenses include contract services.*

Other Highlights

The salary requirement for next year includes a market adjustment for full-time employees of 1.5%. 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%. A review of Town Council pay suggests that a market adjustment of 10% is appropriate. While this review was done in house, it is consistent with similar analysis that have been conducted reviewing full-time employees salary compensation in years past.

Employee health insurance has been budgeted with a 4.4% 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.

The proposed Stormwater Enterprise Fund significantly reduces the Town's reliance on development fees to cover these operating expenses, by removing much of the costs associated with administering this federally unfunded mandate. 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, sewer, 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.

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 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.

The FY 2014-2015 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 2014-2015 Budget are a very conservative forecast of our revenues and expenditures for the next year. Overall, the General Fund budget has increased by 3.2% or \$880,315 from the current budget. The Utility Fund has decreased by 2.5% or \$271,030 from the current budget.”

In discussions:

- Mr. Simmons said Waste Industries is offering a new recycling program with a larger bin and twice-monthly service. There would be a cost savings of about \$1 per water bill customer, or about \$100,000 per year. Mr. Simmons suggested that since the Town subsidizes the yard waste service program to the tune of about \$400,000 per year that the savings from the new recycling service be applied to that deficit.
- Mr. Simmons explained some of the Capital Outlay requests in the General and Utility Funds and noted that a big purchase not needed this year is replacement police vehicles since the latest purchases were specially designed for police work and are, therefore, lasting longer.
- Mr. Simmons asked some department heads to explain some of the equipment, vehicle and technology requests that are included in the proposed budget.
- The Town Manager went over balances in the Town's reserve funds and noted that the Town would be using some of those funds in the upcoming years as infrastructure needs are addressed.
- There was discussion of the proposed stipend increases for Council members and the mayor. Proposed is a 10% increase that would amount to \$55.39 per month for Council members; \$57.64 per month for Mayor Pro-Tem; and \$100 per month increase for the Mayor's incidental stipend.

Councilman Sack said he felt like the mayor's salary and current stipend of \$200 month were adequate and should stand. While he acknowledged that

the mayor spends more hours in the role than others, it is the mayor who has made that decision.

Councilwoman Williams said she had no problem with the additional \$100 per month. Councilman Dickson said the salary should remain separate from the stipend and be used as the published salary.

Action: Councilman Sack offered a motion that the proposed \$100 per month increase in the mayor's stipend be removed from the budget proposal. The motion did not receive a second.

- Mr. Simmons explained that employee health insurance was budgeted with 4.4% increase with Blue Cross Blue Shield. He explained that a program to give employees a day of comp time for getting a medical physical had been successful. He asked the Council if it would be amenable to reinstating that program.

Direction: Council recognized the value of the program and agreed that it should be offered again, especially since it seemed to have resulted in healthier employees and lowered insurance costs.

- **Stormwater Management Fee** – Ms. Parrish gave a history of the proposed program, its cost and Town's plan to recoup about 60% of the cost with a new stormwater management fee.

She said staff is looking at a flat \$3 fee for residential and then a tiered approach for non-residential users (Option B) so that larger properties pay more and smaller properties pay less. This option would be most equitable, and payments would pay between a low of \$3 to a high of \$9

Action: The Council approved a motion to implement Option B in establishing the Stormwater Management Fund.

Motion By: Sack

Second By: Cobb

Vote: The motion carried following a unanimous vote.

Action: The Council considered a motion to exempt churches from the Stormwater Management Fee.

Motion By: Sack

Second By: Williams

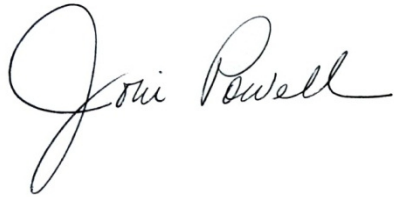
Vote: The motion failed to carry. Councilman Sack and Councilwoman Williams voted for the motion. Councilmen Cobb and Dickson and Councilwoman Lee voted against, noting that other non-profit organizations might also want and need the exemption and that it should apply either to everyone or no one.

- Mr. Simmons then went over a list of active projects for 2014-15.
- 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.
- Chief Herring reported that he requested a one-time capital grant from 911 funds for about \$750,000 in eligible equipment in the new law enforcement center. He said the grant application has been approved and will reduce the amount of money the Town will have to borrow to complete the project.

Mr. Simmons said the Council will hold a public hearing on the budget during its June 3 regular meeting.

Adjournment: There being no further business for the afternoon, the May 19, 2014 special meeting of the Holly Springs Town Council was adjourned following a motion by Councilman Sack, a second by Councilwoman Lee and a unanimous vote.

Respectfully Submitted on Tuesday, June 17, 2014.



Town Clerk

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

