



Special Meeting
April 11, 2024
1:30 PM

1. Call to Order Mayor Ed Hooks
2. Approval of Excerpt of Minutes- April 4, 2024 Mayor
3. Welcome City Manager Chris Rollins
4. Budget Presentation Assistant City Manager Preston Mitchell
5. Concluding Remarks City Manager Chris Rollins
6. Adjournment Mayor



Budget Work Session

APRIL 11, 2024



Economic Factors

- Inflation – The 12-month percentage change from February 2023 to February 2024 is 3.7% for the South Atlantic Region.
- Interest rates have increased over the last two years & two large/important projects are scheduled for FY 24-25 Budget.
- Federal funding/small pool of specialty contractors (Example – Elevated Water Tank)
- Property Tax revenue category showing limited growth
- Sales tax revenue category showing decreased growth



General Fund Budget Summary

FY24-25



Summary of Department Requests

FY24-25 Department Requests

Department	FY24-25 Requests
Council	\$ 74,781
Admin	1,091,266
HR	607,096
Finance	816,687
IT	1,863,673
Economic Development	900,214
Police	7,758,561
Fire	5,578,770
Planning	516,217
Inspections	1,037,777
Engineering	455,000
Public Works	3,141,614
Public Facilities	1,312,026
Sanitation	2,296,355
Recreation	3,494,802
Non-Departmental	5,178,157
Total Requests	\$ 36,122,996

FY24-25 Department Requests with Budget Cuts

Department	FY24-25 Requests with Cuts
Council	\$ 74,781
Admin	1,040,353
HR	446,753
Finance	682,895
IT	1,718,098
Economic Development	900,214
Police	6,680,492
Fire	5,020,563
Planning	449,466
Inspections	984,739
Engineering	455,000
Public Works*	3,400,363
Public Facilities*	923,096
Sanitation	2,002,033
Recreation	3,001,793
Non-Departmental	5,060,919
Total Requests	\$ 32,841,558

* Four FTE's were moved from Public Facilities to Public Works.



Summary of Appropriated Fund Balance

Previous Adopted Budgets (including beginning and ending Fund Balance Appropriation)

FY23-24	\$31,984,340 (\$2.8M, \$5.8M)
FY22-23	\$28,276,326 (\$2.2M, \$6.7M)
FY21-22	\$25,445,340 (\$1.9M, \$4.3M)
FY20-21	\$22,015,000 (\$1.8M, \$3.7M)
FY19-20	\$21,192,300 (\$1.5M, \$3.6M)



CAPITAL IMPROVEMENT REQUESTS

Department	Project Title	FY24-25 Cuts	FY 24-25
IT	Dark Fiber Setup		60,000
IT	Fire Wall Upgrade		42,000
IT	Fat Pipe Implementation	20,000	14,000
IT	City Hall Copier Replacement		8,387
IT Total		\$ 20,000	\$ 124,387
Rec & Parks	Lake Michael Spillway Renovation		6,273,468
Rec & Parks	MACC Roof Renovation		423,000
Rec & Parks	Old Rec Gym Floor Restoration		175,000
Rec & Parks	Lake Michael Trail Expansion	100,000	
Rec & Parks	Replacement of Work Truck #50	45,000	
Rec & Parks	Lebanon Rd. Trail Connector Paving		35,000
Rec & Parks	Replacement platform and stairs at MACC Playground	16,000	
Rec & Parks	Community Park Nets and Fence Replacement		18,000
Rec & Parks	Zero Turn Mower Replacement		15,000
Rec & Parks	Flag Pole Additions for Community Park and MACC		12,000
Rec & Parks	Building Storage Renovation for Old Rec Maintenance	24,500	
Rec & Parks Total		\$ 185,500	\$ 6,951,468
Police	New Patrol Vehicle & Equipment	255,008	
Police	Replace Existing Patrol Vehicles - reduced per the Chief	100,027	240,084
Police	Special Event Traffic Control Trailer	25,000	
Police Total		\$ 380,035	\$ 240,084



CAPITAL IMPROVEMENT REQUESTS

Department	Project Title	FY24-25 Cuts	FY 24-25
Public Works	PW-060 Bucket Truck Replacement (2000) Used		120,000
Public Works	New two bay addition to storage building - design	25,000	
Public Works	Boom mower		25,000
Public Works	PWD & PUD new equipment shelters - design (RFP)	30,000	
Public Works	Sidewalk - S. Eighth St. to Fifth St. Park via Arrowhead Villas - Construction		55,000
Public Works	Asphalt hot box		15,000
Public Works	John Deere 930 m Zero Turn Mower		15,000
Public Works Total		\$ 55,000	\$ 230,000
Public Facilities	Carbon monoxide exhaust system (2 items) - garage bay		24,000
Public Facilities	Sidewall exhaust fan - garage bay		10,000
Public Facilities	Library HVACRTU #3 unit replacement		18,000
Public Facilities	Mebane Library Roof Replacement		
Public Facilities Total		\$ -	\$ 52,000
Sanitation	New Knuckle boom Truck	259,000	
Sanitation	Pull-behind leaf vacuum trailer (Used)		80,000
Sanitation Total		\$ 259,000	\$ 80,000



CAPITAL IMPROVEMENT REQUESTS

Department	Project Title	FY24-25 Cuts	FY 24-25
Fire	Plymovent Exhaust Management System at Station 2	150,000	-
Fire	Plymovent Exhaust Management System at Station 3	120,000	-
Fire	MSA E600+ Thermal Camera - 2 needed		23,000
Fire	MSA RescueAire - 2 needed		15,000
Fire	Hurst SC 758 E3	11,500	-
Fire Total		\$ 281,500	\$ 38,000
Grand Total		\$ 1,181,035	\$ 7,715,939



PERSONNEL REQUESTS

Department	Type of Request	Position Title	Part-time/ Full-time	FY25 Cuts	FY25 Requests
IT	Additional Position	Information Technology Specialist	Full-time	93,665	-
IT Total				\$ 93,665	\$ -
Recreation and Parks	Additional Position	Parks Operation & Maintenance Crew Leader	Full-time	80,485	-
Recreation and Parks	Reclassification	Recreation Program & Athletic Coordinator	Full-time		5,446
Recreation and Parks	Reclassification	Recreation Supervisor for Athletics	Full-time		5,446
Recreation and Parks Total				\$ 80,485	\$ 10,892
Police	Reclassification	Police Captain	Full-time		7,061
Police	Reclassification	Police Captain	Full-time		7,061
Police	Reclassification	Police Lieutenant	Full-time		4,383
Police	Reclassification	Police Lieutenant	Full-time		4,383
Police	Reclassification	Police Lieutenant	Full-time		4,383
Police	Reclassification	Police Lieutenant	Full-time		4,383
Police	Reclassification	Police Sergeant	Full-time		2,663
Police	Reclassification	Police Sergeant	Full-time		2,663
Police	Reclassification	Police Sergeant	Full-time		2,663
Police	Reclassification	Police Sergeant	Full-time		2,663
Police	Additional Position	Police Officer	Full-time	81,727	-
Police	Additional Position	Police Officer	Full-time	81,727	-
Police	Additional Position	Police Officer	Full-time	81,727	-
Police Total				\$ 245,181	\$ 42,306
Sanitation	Additional Position	Sanitation Equipment Operator	Full-time	69,726	-
Sanitation Total				\$ 69,726	-
Fire	Reclassification	Fire Lieutenant	Full-time	-	4,065
Fire	Reclassification	Fire Lieutenant	Full-time	-	4,065
Fire	Reclassification	Fire Lieutenant	Full-time	-	4,065
Fire	Additional Position	Firefighter	Full-time	73,236	-
Fire	Additional Position	Firefighter	Full-time	73,236	-
Fire	Additional Position	Firefighter	Full-time	73,236	-
Fire Total				\$ 219,708	\$ 12,195
Human Resources	Additional Position	Human Resources Consultant	Full-time	97,245	-
Human Resources Total				\$ 97,245	\$ -
Grand Total				\$ 806,010	\$ 65,393



PERSONNEL HISTORY – GENERAL FUND

- FY23-24: No positions added.
- FY22-23: 9 new positions and 2 reclassifications
- FY21-22: 12 new positions and 3 reclassifications
- 21 new positions were added over the past three fiscal years



BRIDGING THE GAP

- FY 25 revenues are projected to be \$29,567,202.
- FY25 requested expenditures are \$32,841,558.
- The funding gap is presently \$3,274,356.
- If \$360,084 of the requested expenditures are funded with debt, the gap drops to \$2,914,272.
- Initial personnel requests were \$871,403, which equals a 1.91 cent tax increase.
- Initial capital requests were \$3,847,101, not including the spillway, Fire Station 4, and the new police station projects, which equals an 8.45 cent tax increase.



Utility Fund Budget Summary

FY24-25



Summary of Department Requests

FY24-25 Department Requests

Department	FY24-25 Requests
Utility Admin	\$ 1,983,757
Utility Maintenance	7,507,100
Engineering	293,000
WRRF	2,818,833
Non-departmental	3,527,327
Total Requests	\$ 16,130,017

FY24-25 Department Requests with Budget Cuts

Department	FY24-25 Requests with Budget Cuts
Utility Admin	\$ 2,029,228
Utility Maintenance	5,795,618
Engineering	293,000
WRRF	2,537,388
Non-departmental	3,527,327
Total Requests	\$ 14,182,561



Summary of Appropriated Fund Balance

Previous Adopted Budgets (including beginning and ending Fund Balance Appropriation)

FY23-24	\$11,891,019 (\$2.2M, \$2.5M)
FY22-23	\$10,054,333 (\$1.2M, \$4.8M)
FY21-22	\$9,878,152 (\$1.6M, \$5.6M)
FY20-21	\$8,076,000 (\$1.9M, \$3.1M)
FY19-20	\$8,006,250 (\$1.5M, \$1.7M)



CAPITAL IMPROVEMENT REQUESTS

Department Name	Project Title	FY24-25 Cuts	FY 24-25
Utilities Administration	Water Meters		170,000
Utilities Administration Total		\$ -	\$ 170,000
Utilities Maintenance	Vac Truck		603,750
Utilities Maintenance	Pick-up Truck		50,098
Utilities Maintenance	Replacement Backhoe		155,000
Utilities Maintenance	Galvanized Water Main Replacements	234,000	-
Utilities Maintenance	Water Rehab		17,000
Utilities Maintenance	Utility Oversizing	150,000	-
Utilities Maintenance	50% share of capital improvements @ Graham water plant		140,750
Utilities Maintenance	Inflow & Infiltration	900,000	-
Utilities Maintenance	3rd Pump at N Regional	95,000	-
Utilities Maintenance Total		\$ 1,379,000	\$ 966,598
WRRF	WRRF Plant Expansion		57,892,342
WRRF	21.43% share of capital improvements @ Graham WRRF		86,135
WRRF	Phosphorus analyzer	30,000	-
WRRF	Rotary Drum Thickener Rehab	100,000	-
WRRF Total		\$ 130,000	\$57,978,477
Grand Total		\$ 1,509,000	\$59,115,075



PERSONNEL REQUESTS

Department	Type of Request	Position Title	Part-time/Full-time	FY25 Cuts	FY25 Requests
WRRF	Reclassification	Compliance Manager	Full-time		14,990
WRRF	Additional Position	Wastewater Treatment Plant Opr	Full-time	68,555	-
WRRF Total				\$ 68,555	\$ 14,990
Grand Total				\$ 68,555	\$ 14,990



PERSONNEL HISTORY – UTILITY FUND

- FY23-24: 2 new positions added.
- FY22-23: 2 new positions added.
- FY21-22: 2 new positions added.
- 6 new positions were added over the past three fiscal years



REVENUE ESTIMATES

Rate Increases

Water Utility Fees*	\$ 5,071,352
Sewer Utility Fees*	5,211,605
All Other Revenues	639,540
Total Revenues	\$ 10,922,497

*Fees include a 10% water and sewer rate increase.

The gap between requested expenditures with cuts and estimated revenues is \$3,260,064.

If \$758,750 of the requested expenditures are funded with debt, the gap drops to \$2,501,314.

FY23-24: 6% for water & sewer

FY22-23: 6% for water & sewer

FY21-22: 10% for water & sewer

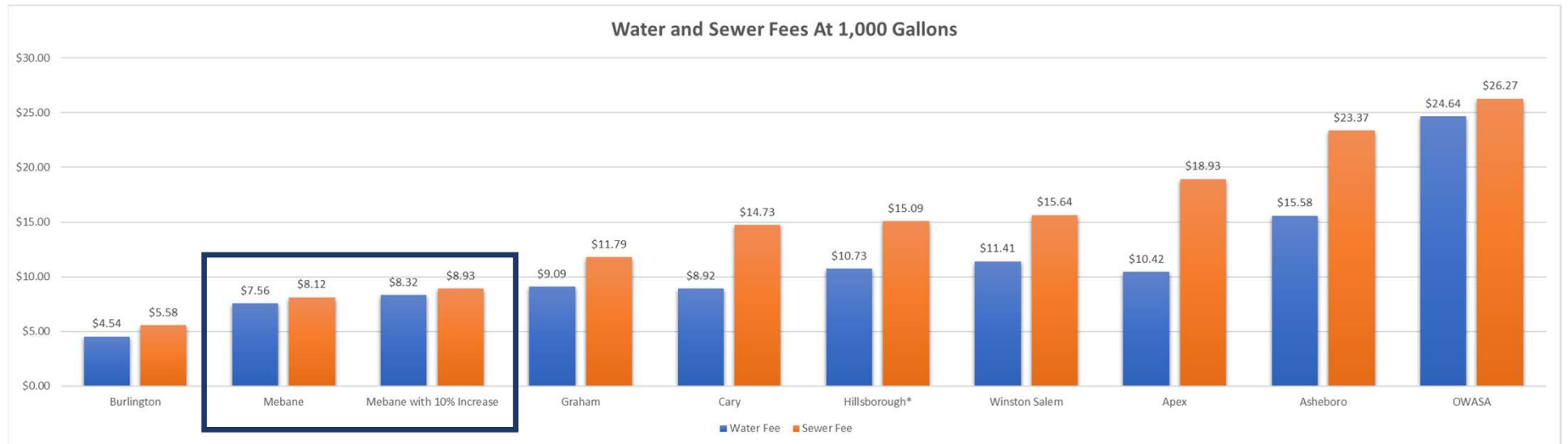


10% RATE CHANGE

Water & Sewer Rates	Proposed	
	FY23-24 Rates	FY24-25 Rates
Inside Water (per 1,000 gallon)	\$7.56	\$8.32
Inside Sewer (per 1,000 gallon)	\$8.12	\$8.93
Outside water (per 1,000 gallon)	\$15.12	\$16.64
Outside sewer (per 1,000 gallon)	\$16.24	\$17.86



RATE COMPARISONS





Capital Reserve Fund

FY24-25



CAPITAL RESERVE FUND SUMMARY

Estimated Revenues

• System Development Fees – Water	\$830,000
• System Development Fees - Sewer	\$1,936,000
• Interest Earnings	<u>\$10,000</u>
Total	\$2,776,000

Additional Information

- There are no planned transfers at this time.
- The current fund balance is \$5,539,735.
- The current year's revenue is \$1,099,485 (as of April 5).



Capital Project Ordinances



GENERAL FUND CAPITAL PROJECT ORDINANCES

CATES FARM PARK

Current Budget	\$1,377,809
Expenditures	<u>\$1,241,968</u>
Remaining Budget	\$135,841

LAKE MICHAEL DAM SPILLWAY

Current Budget	\$908,240
Expenditures	<u>\$342,958</u>
Remaining Budget	\$565,282

The estimated total project cost is \$6,273,468. Bids are due this month.



GENERAL FUND CAPITAL PROJECT ORDINANCES

TRANSLOAD FACILITY

Current Budget	\$3,201,686
Expenditures	<u>\$573,989</u>
Remaining Budget	\$2,627,697

HOLT STREET GREENWAY

Current Budget	\$1,274,946
Expenditures	<u>\$8,545</u>
Remaining Budget	\$1,266,401



UTILITY FUND CAPITAL PROJECT ORDINANCES

WATER RESOURCE RECOVERY FACILITY(WRRF) RENOVATION

Current Budget	\$8,951,942
Expenditures	<u>\$8,702,977</u>
Remaining Budget	\$248,965

WATER RESOURCE RECOVERY FACILITY EXPANSION

Current Budget	\$15,725,000
Expenditures	<u>\$3,343,092</u>
Remaining Budget	\$12,381,908

The estimated total project cost is \$75,000,000 per an estimate provided last month. This project is partially funded with a \$11,925,000 grant. The City is also supplying \$5,182,658 of cash that is available due to ARP revenue replacement funds.



UTILITY FUND CAPITAL PROJECT ORDINANCES

ELEVATED STORAGE TANK

Current Budget	\$8,425,000
Expenditures	<u>\$2,335,645</u>
Remaining Budget	\$6,089,355

GKN PUMP STATION RE-ROUTE

Current Budget	\$1,853,159
Expenditures	<u>\$45,852</u>
Remaining Budget	\$1,807,307



UTILITY FUND CAPITAL PROJECT ORDINANCES

WEST TEN ROAD WATER CONNECTOR

Current Budget	\$135,000
Expenditures	<u>\$0</u>
Remaining Budget	\$135,000



Project
Updates



LAKE MICHAEL DAM SPILLWAY RENOVATION

Estimated cost: \$6,273,468

Estimated interest rate: 5.75%

Estimated annual payment: \$555,253

Estimated term: 20 years

The estimated annual payment is included in the FY25 budget request.

Key dates:

April 16: Contractor bids are due

April 23: Financing bids are due

May 6 Council Meeting:

- Public Hearing required due to a non-vehicle installment financing.
- Approval of the winning contractor and financing bid.

June 3 Council Meeting: Adopt a final resolution for issuing debt.

June 4: Debt is considered by the LGC.

Mid to late June: Close on the financing.



WASTE WATER RESOURCE RECOVERY FACILITY (WRRF) EXPANSION

Estimated cost: \$75,000,000

Grant funding: \$11,925,000

Cash funding: \$5,182,658

Remainder to be financed: \$57,892,342

Estimated interest rate: 5.00%

Estimated average annual payment: \$4,088,306

The first payment begins in FY 25-26

Estimated term: 25 years

Potential reductions in the financed amount:

- Use \$5.5 million currently in the system development fee capital reserve
- Aiming for an additional \$1.5 million in the current FY23-24 & early FY24-25 for system development fee capital reserve
- Use \$2.1 million (of \$3 million) from the NC State budget appropriation in FY23-24
- Equals \$9.1 million, which reduces the amount to be financed to \$48,792,342 and the average annual payment to \$3,461,937.
- Using all the above potential reductions results in a savings of \$16,141,684 over the 25-year financing period.



WASTE WATER RESOURCE RECOVERY FACILITY (WRRF) EXPANSION

Key Dates

- August 5 City Council Meeting: Council considers adopting the Preliminary Findings Resolution approving the issuance of revenue bonds
- September 9 City Council Meeting: Council considers adopting the final approving resolution and Bond Order and Bond Resolution
- September 10: LGC considers approving the financing
- September 11: Sell bonds
- Late September: Close on bonds
- The project will go out to bid in early summer.
- Bids will be received in August.
- Construction will begin in late calendar year 2024.
- Construction will be completed in calendar year 2027.



Future
Projects



FIRE STATION 4



Estimated one-time costs:



Building: \$7,500,000



The site is identified but has not reached the point of donation to the City.

Estimated recurring costs

- Staff – 3 Battalion Chiefs, 3 Lieutenants, 3 Engineers, and 6 Firefighters: \$1,386,803 per year (FY24 salary schedule)
- Building maintenance: \$22,500 per year
- Building utilities: \$20,000



POLICE STATION



Estimated one-time costs:



20,000 square foot building with the option to add an additional 10,000 = \$16,416,000



The site is identified but has not reached the point of donation to the City.

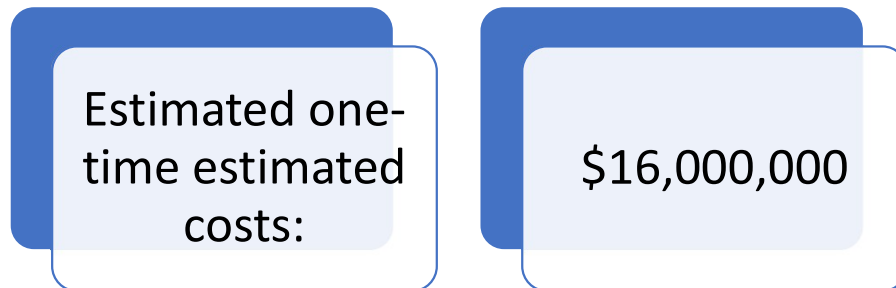
Estimated recurring costs

- Building maintenance: \$22,500
- Building utilities: \$12,000



RECREATION PROJECT

Estimated recurring costs



- New parks maintenance position: \$68,555 (FY24 salary schedule)
 - Maintenance: \$35,000
 - Utilities: \$17,000



FUNDING FUTURE PROJECTS

- Total estimated one-time costs = \$39,916,000
- Total estimated recurring costs = \$1,584,358
- Reserve Fund created in FY23-24.
- City Council should consider giving feedback to the Administration on the priority of these projects after bids are received for the Spillway & WRRF Expansion project and before the FY25-26 budget preparation begins in the fall of calendar year 2024.
- All three construction projects are estimated to not be majority funded by typical revenue growth.
- Relevant Department heads are reviewing cost estimates/building size & design/operational & personnel costs in the current FY and early FY24-25.
- These future projects will be a significant component of efforts to make FY25-26 to FY30-31 CIP more feasible.



Questions?