



Mebane City Council - Virtual Meeting

May 4, 2020- 6:00 PM

Glendel Stephenson Municipal Building
Council Chambers
106 E. Washington Street
Mebane, NC 27302

The City Council meeting on Monday, May 4, 2020 at 6:00 p.m. will be held virtually. For those wishing to view the meeting via YouTube live stream, please visit the following link:

<https://www.youtube.com/channel/UCoL1RXdRDMzK98p53TMoqww>

Below is information for those interested in participating in the Public Comment Period.

**Request to Speak During Public Comment Period by Remote Access
at the Monday, May 4, 2020 City Council Meeting**

The City of Mebane will be maintaining measures in its ongoing effort to mitigate the spread of COVID-19. These measures include barring physical attendance at the meeting, employing social distancing, and implementing remote participation. The following procedures have been put in place to provide the public with the ability to address the City Council during the Public Comment Period by remote access.

- A Public Comment Period, not to exceed thirty minutes, will take place at the beginning of the meeting. Individual comments are limited to three minutes.
- Those that wish to address the City Council during the Public Comment Period have two (2) options. Emailed comments (Option #1) will be read aloud first and addressed by Council if response is warranted. Should time allow, registered participants (Option #2) will be given the opportunity to address the Council via Zoom.

Option #1

- Email comment to info@cityofmebane.com by **Monday, May 4, 2020 at 2:00 p.m.**
- Messages must be labeled Public Comment in the subject line and must contain commenter's name and address.
- Comments will be read aloud by the City Clerk and are subject to the time limits set by the Public Comment procedures.

Option #2

- Email info@cityofmebane.com by **Monday, May 4, 2:00pm** to speak during the Public Comment Period. When email is received, an email will be sent with instructions on how to register and speak during the Public Comment Period.
- Messages must be labeled Public Comment in the subject line and must contain commenter's name and address.
- Registered participants will be given an access code to speak at the meeting via Zoom, a remote conferencing service.
- Callers will be held in queue and asked to mute their phones or speakers until they are called on to speak.
- Speakers will be called in the order in which they are registered.
- Per authority of NCGS 143-318.17, if a person participating remotely willfully disrupts the Council meeting, then upon direction by the Mayor, such person may be removed from electronic participation, or his or her e-mail may not be read.



Council Meeting Agenda
May 4, 2020
6:00 p.m.

1. Call to Order and Invocation Mayor Ed Hooks
2. Council Meeting Remote Participation Policy Chris Rollins, Assistant City Manager
3. Public Comments Mayor
4. Consent Agenda Mayor
 - a. Approval of Minutes – March 2, 2020 – Regular Meeting
 - b. Petition for Voluntary Contiguous Annexation- Celine Meador- The White House
 - c. Petition for Voluntary Contiguous Annexation- Hendon Tiller Properties, Lot 3
 - d. Recombination Plat for Easement Removal on Emerson Drive
 - e. Contract for 2019-20 Audit
5. Manager’s Recommended Budget 2021..... David Cheek, City Manager
6. Capital Improvement Plan 2021-2025 City Manager
7. Adjournment Mayor



AGENDA ITEM #2

Council Meeting Remote Participation Policy

Meeting Date

May 4, 2020

Presenter

Chris Rollins, Asst. City Manager

Public Hearing

Yes No

Summary

During the Coronavirus crisis it has become evident the City Council Members may occasionally need to attend council meetings remotely. If passed, the remote participation policy is needed during City or State declared times or during times personal emergencies

Background

North Carolina General Statute §143-318.10 (d.) defines "Official meeting" as "a meeting, assembly, or gathering together at any time or place or the simultaneous communication by conference telephone or other electronic means of a majority of the members of a public body for the purpose of conducting hearings, participating in deliberations, or voting upon or otherwise transacting the public business within the jurisdiction, real or apparent, of the public body." There are multiple blogs and memos concerning this topic and attached is the latest from N.C. Attorney General Jeff Stein. This is a very safe first step that may need to be amended in the future depending on new legislation or guidance.

Financial Impact

None

Recommendation


Staff recommends approval of the policy as presented.

Suggested Motion

I make a motion to approve the Remote Participation Policy

Attachments

1. Remote Participation Policy
2. Open Meetings – Josh Stein Advisory Letter

POLICY STATEMENT	
SUBJECT: REMOTE PARTICIPATION POLICY FOR MEETINGS OF THE MEMBERS OF THE CITY COUNCIL OF THE CITY OF MEBANE, NORTH CAROLINA 	PAGE 1 OF 2
	EFFECTIVE DATE: May 4, 2020
	SUPERSEDES: N/A
	PREPARED BY: Chris Rollins
	ADOPTED BY COUNCIL DATE:

Members of the Mebane City Council may remotely participate in briefings and official meetings of the City Council as outlined below in Section 1 or during times of emergency. Times of emergency happen when the Governor of the State of North Carolina has declared a state of emergency pursuant to N.C.G.S. §166A or the Mayor of the City, or his successor in rank, has declared a state of emergency in the City of Mebane pursuant to N.C.G.S. §166A-19.22 and Mebane City Code Chapter 12, subject to the following rules and procedures:

1. Remote participation may be used only in very limited circumstances. For purposes of this policy, the Mayor, Mayor Pro-tem, and Councilmembers shall be collectively referred as "Councilmember(s)" or the "City Council." A Councilmember desiring to participate in a meeting remotely must assert one or more of the following reasons for being physically unable to attend the meeting:
 - a. Personal illness, disability, or threat thereof; or
 - b. Family or other emergency; or
 - c. Governmental order.
2. Remote participation may be allowed only during open sessions when a quorum of the City Council is physically present at the meeting and the Councilmember participating remotely is not necessary to establish a quorum.
3. Remote participation shall not be allowed during quasi-judicial hearings.
4. Remote participation shall be allowed during closed sessions of the City Council provided that the Councilmember participating remotely is in such a location and environment to assure the confidentiality for which the purpose of the closed session is called pursuant to N.C.G.S. §143-318.11. A Councilmember participating remotely shall participate via simultaneous and/or

electronic communication and must be fully heard by other members of the City Council present in the closed session.

5. A Councilmember desiring to participate in a meeting remotely must notify the City Clerk of the need for his or her remote participation at least 24 hours prior to the start of the meeting unless advance notice is impractical.
6. At the start of the meeting, the presiding official, be it the Mayor, or Mayor Pro-tem, or presiding Councilmember, shall announce that a Councilmember is participating remotely. Such Councilmember shall identify himself or herself and state the reason that he or she is participating remotely.
7. A Councilmember participating remotely shall be allowed to participate in all open session discussions and deliberations except for quasi-judicial hearings. A Councilmember participating remotely under the policy shall vote on matters, except where otherwise ethically conflicted and allowed to recuse himself or herself by a vote of the City Council.
8. A Councilmember participating remotely shall be provided with documents to be considered by the City Council during the meeting, i.e. the agenda packet.
9. A Councilmember participating remotely shall participate via simultaneous and/or electronic communication and must be fully heard by other members of the City Council present in the meeting and any other individuals in attendance at the meeting. Use of telephone, internet, or internet enabled audio or video conferencing, or any other technology that enables the remote participant and all persons present at the meeting location to be clearly audible to one another is necessary.
10. A Councilmember participating remotely shall provide a voice vote which can be heard and recorded.
11. A Councilmember participating remotely shall not serve as the presiding official of the City Council meeting.
12. If a City Councilmember participating remotely is disconnected, the presiding official will call for a brief recess for the member to be reconnected via phone or other electronic means.
13. If disconnected member is not reconnected the presiding official will call for a vote from that member to be excused from the meeting. Any Councilmember who does not vote and has not been excused is counted as affirmative.
14. As with all meetings being made available to the public, the City shall always comply with statutory requirements of notice, access and minutes

JOSH STEIN
ATTORNEY GENERAL



SHANNON CASSELL
SPECIAL COUNSEL
(919) 716-6425

March 26, 2020

Greg McLeod
Deputy General Counsel, Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

RE: Advisory Letter Regarding the Ability for Local Public Bodies to Conduct Open Meetings Electronically

Dear Greg,

I write with regards to the request from your office for us to weigh in on the issue of whether local governing boards can carry out their meetings electronically and remain in compliance with Open Meeting Laws. This question comes on the heels of federal and state executive orders directed at preventing the spread of COVID-19 by significantly limiting – if not prohibiting – the ability to gather in person, yet governing must continue at all levels of state and local government.

QUESTION PRESENTED:

Can local governments carry out their necessary meetings via electronic means during these exigent circumstances?

BRIEF ANSWER:

Yes, because electronic meetings are allowed under N.C.G.S. §143.318.13, and the requirements of notice, access and minutes can be met through electronic means. Due to the unprecedented circumstances we are all faced with, and the fact that local governing bodies conducting meetings remotely is not expressly prohibited by statute, I conclude that local governments can carry out necessary meetings electronically and remain in compliance with Open Meetings Laws.

DISCUSSION:

At the outset, it is significant to note that the Public Policy behind the Open Meetings Laws is to ensure the hearing, deliberations, and actions of the public bodies “conduct[ing] the people’s business” be conducted openly. N.C.G.S. §143.318-9.

Generally speaking, a public body may hold an official meeting (defined in N.C.G.S. § 143-318.10(d)) by use of electronic means. N.C.G.S. §143-318.13. In that case, it shall provide a location and means whereby members of the public may listen to the meeting, the location of which should be specified in

the notice. *Id.* A fee of up to \$25 may be charged to each listener to defray the cost of providing the necessary cost and equipment. *Id.*

As with all meetings being made available to the public, public bodies should still comply with statutory requirements of notice, access and minutes.

1. Notice – The public body must provide notice of an official meeting. N.C.G.S. §143-318.12. Most meetings require 48-hours' notice and that should be met if at all possible. N.C.G.S. §143-318.12(b)(2). Emergency meetings may be called on short notice, but notice should still be provided. N.C.G.S. §143-318.12(b)(3).
2. Access – With few exceptions, an official meeting of a public body shall be open to the public. N.C.G.S. §143-318.10. Access should be reasonable. The Governor can, and has, limited the number of people that can physically attend a gathering. That limitation must be respected. This means the public must be given reasonable means of listening/participating in the meeting.
3. Minutes – Minutes are required and should be respected even when conducting the meeting electronically. N.C.G.S. §143-318.10(e). These may be in the form of sound or video and sound recordings. *Id.*

When public bodies are attempting to comply with statutes requiring a physical quorum, it is best that the physical quorum be met if at all possible. As of today, that would need to be no more than ten people in the meeting. Minutes should specifically record the person(s) that is not able to be physically present as not recusing himself or herself, but rather choosing to participate electronically. As discussed herein, if it is not possible for a quorum to be physically present, I believe it is reasonable for the governing body to meet electronically.

When meetings of public bodies are not necessary for immediate ongoing governance, I would encourage postponing that meeting until a future time when the meeting can occur in-person.

I realize this does not address all of the various statutory provisions that could be implicated, and that is not the intent of this letter. I have provided citations when available, but have also canvassed available information. All weighing in on this topic are in agreement: whatever is not explicitly addressed in the statutes should be met with reasonableness to allow transparency into the local governing process. That is to say that local governments must continue to run, people have been ordered to not convene in groups larger than ten, and reasonableness must prevail in a time like this. Again, these are unprecedented times and I feel confident a court will view efforts to remain transparent through a lens of reasonableness, which can be met through electronic meetings.

This is an advisory letter and has not been reviewed and approved in accordance with the procedures for issuing an Advisory Opinion of the Attorney General. Please let me know if I can be of further assistance.

Sincerely,

s// Shannon Cassell
Special Counsel

cc: Alec Peters, Chief Deputy Attorney General
Blake Thomas, Deputy General Counsel



The Mebane City Council met for its regular monthly meeting at 6:00 p.m., Monday, March 2, 2020 in the Council Chambers of the Glendel Stephenson Municipal Building located at 106 East Washington Street.

Councilmembers Present:

Mayor Ed Hooks
 Mayor Pro-Tem Jill Auditori
 Councilmember Patty Philipps
 Councilmember Tim Bradley
 Councilmember Sean Ewing
 Councilmember Everette Greene

Also Present:

David Cheek, City Manager
 Chris Rollins, Assistant City Manager
 Lawson Brown, City Attorney
 Stephanie Shaw, City Clerk
 Cy Stober, Development Director
 Terrence Caldwell, Police Chief

Mayor Hooks called the meeting to order. Mr. Bradley gave the invocation. No one spoke during the Public Comment period.

Mayor Hooks encouraged everyone to get out and vote on March 3rd for the primary election. He also recognized Eagle Scout Troop 252. Scout Master Tobin Bates introduced several scouts in attendance.

Mr. Cheek introduced and welcomed the City's new IT Director Kirk Montgomery. Mr. Cheek spoke highly of Mr. Montgomery and his education, experience and training. Mr. Montgomery thanked Council and staff for the opportunity. He also spoke a few words about the Coronavirus as he formerly worked at the North Carolina Department of Health and Human Services lab.

Mr. Cheek gave an overview of the Consent Agenda:

- a. Approval of Minutes – February 3, 2020 – Regular Meeting
- b. Final Plat- The Flats at Arrowhead
- c. Final Plat- Cambridge Park, Phase 1B (Re-approval)
- d. Final Plat- Magnolia Glen Estates, Phase 2A
- e. Purchase Police Capital with Federal Equitable Funds
- f. Budget Ordinance Amendment- Public Works Vehicle Purchase

Mr. Bradley questioned why the Cambridge Park, Phase 1B Final Plat was not recorded requiring the reapproval. Mr. Rollins said he could not put words in the applicant's mouth but he would say the extremely rainy weather had a lot to do with it. Mr. Bradley questioned if the Unified Development Ordinance (UDO) could be amended to allow flexibility for staff to grant extensions for reapprovals like this one. Mr. Rollins said staff would be interested in including such an amendment in the UDO update which is scheduled to take place this year. Mr. Bradley requested that staff include that amendment to the UDO update list.

Item e.

BE IT ORDAINED by the Council of the City of Mebane that the Budget Ordinance for the Fiscal Year Beginning July 1, 2019 as duly adopted on June 3, 2019, is hereby amended as follows:

ARTICLE I

APPROPRIATIONS	Current Budget	Change	Revised Budget
GENERAL FUND			
Police	\$4,288,426	\$ 6,522	\$4,294,948

ARTICLE II

REVENUES	Current Budget	Change	Revised Budget
GENERAL FUND			
Appropriated Fund Balance	\$3,294,512	\$ 6,522	\$3,301,034

This the 2nd day of March, 2020.

Item f.

BE IT ORDAINED by the Council of the City of Mebane that the Budget Ordinance for the Fiscal Year Beginning July 1, 2019 as duly adopted on June 3, 2019, is hereby amended as follows:

ARTICLE I

APPROPRIATIONS	Current Budget	Change	Revised Budget
GENERAL FUND			
Non-Departmental			
Debt Service – PW Vehicles	\$ 110,244	(\$ 110,244)	\$ 0

ARTICLE II

REVENUES	Current Budget	Change	Revised Budget
GENERAL FUND			
Appropriated Fund Balance	\$ 3,301,034	\$ 254,756	\$ 3,555,790
Debt Proceeds	1,149,070	(365,000)	784,070

This the 2nd day of March, 2020.

Ms. Philipps made a motion, seconded by Mr. Greene, to approve the consent agenda as presented. The motion carried unanimously.

Mayor Hooks stated that Council is reconsidering last month's item regarding approval of a preliminary subdivision plat. Desco Holdings, LLC, is requesting approval to subdivide 3 properties totaling 76 acres located on NC 119 Hwy South & Nereus Drive for 78 single-family properties. The applicant is not seeking annexation into the City and will be providing on-site septic treatment instead of using city utilities. He then asked Mr. Stober to speak regarding the item.

Mr. Stober gave a brief overview of the project, stating the property is located outside of the City limits but within the extra-territorial jurisdiction area (ETJ) which is an area in which the City has zoning authority but does not provide City services. He said the project site consist of three (3) properties totaling 76 acres located at the intersection of NC Hwy 119 and Kimrey Road just past Hawfields Presbyterian Church. Most of the surrounding properties are residential in nature with the exception of a large B-2 zoned vacant property immediately to the east which has historically been used for farming. The applicant is not seeking annexation into the City and will be providing on-site septic treatment for wastewater needs and using Orange Alamance Water System, Inc., services for water service needs. Mr. Stober said one change that was made since the request was first heard by Council, is the commitment by the developer to provide 4.16 acres of recreation space along the creek in the form of trails. He said currently the UDO requires this space to be public recreation amenity however, the applicant has provided a letter detailing the commitments of this trail and some fitness stations which are not reflected on the site plan, so in a motion that would must be noted. Also, as to whether it would be public,

the applicant is open to opportunity to make the trail a private recreation area if the Council pleases to be maintained by the HOA rather than the City. He continued by saying that if the Council wishes the Traffic Impact Analysis that was conducted by the applicant can be discussed, although it was covered in detail at the last meeting. He said, in short, the NCDOT and the City's traffic consultant found no outstanding concerns with the traffic improvements being provided on and off site as part of this project. Mr. Stober concluded by saying that the preliminary plat featuring the recreation space is compliant with the City's UDO requirements.

Tom Boney, Editor/Owner of Alamance News, questioned how this item is on the suddenly on the agenda for reconsideration as Council made a decision last month. Mr. Brown said first, the item is not suddenly on the agenda as it has been in the works since the last meeting and second, the Council has the authority to reconsider any decision it makes, particularly administrative and legislative decisions. He said this is an administrative decision and the applicant requested, after enhancing the plan originally submitted, for Council to reconsider and the Council agreed to do so. Mr. Boney said it appeared that last month Council made a final decision and now it seems the item has "sprung" back on the agenda and to the public's knowledge this plan has not been "in the works" for the last month. Mr. Brown said there are a number of items that staff, the Council and applicants work for months before it hits the public's eye and although it may be a public document subject to disclosure, quite often things are worked on for a number of weeks, if not months before they show up. This applicant has been working on this particular property for about two (2) years and has been multiple iterations so no one has been caught "flat footed". Mr. Boney asked if the request was back for reconsideration because the applicant threatened legal action after last month's meeting. Mr. Brown said there was some discussion of that. Mr. Boney said he presumes that since the item is back for reconsideration, the City did not feel that its position was as defensible perhaps as the unanimous Council vote last month. Mr. Brown stated the plat is different with enhancements.

Mr. Bradley asked what benefit is there for the City for them to provide the acreage for public recreation vs. taking the payment in lieu as discussed at last month's meeting. He said the creek bed will sit undeveloped anyway because it cannot be developed unless the property owners there make their own play areas and trails there. Therefore, he does not see any benefit for the City taking responsibility for this area. Mr. Stober stated that Article 6 of the UDO does direct the Parks and Recreation Director to consider four (4) matters, one of which is connectedness in public recreation dedications. In this case the minimum recreation dedication is 2.31 acres in area and the applicant has provided well more than that. In terms of connectedness there is opportunity possibly with the future school site to connect to the sidewalk that would be provided on NC Hwy 119 or to another future development but as it stands today, it would be an island of recreation space. Ms. Philipps said to follow up on Mr. Bradley's comments, it is her understanding that the applicant has now offered to have the HOA develop and maintain this recreational facility with items such as trails and fitness equipment. She said the City requires recreational space in other subdivisions and have done so for quite some time, having onsite recreational facilities specific to the subdivision for the residents of that subdivision so she thinks that would be preferable as she does not think the City should take over maintaining this recreational facility as it would be isolated from everything else in the City.

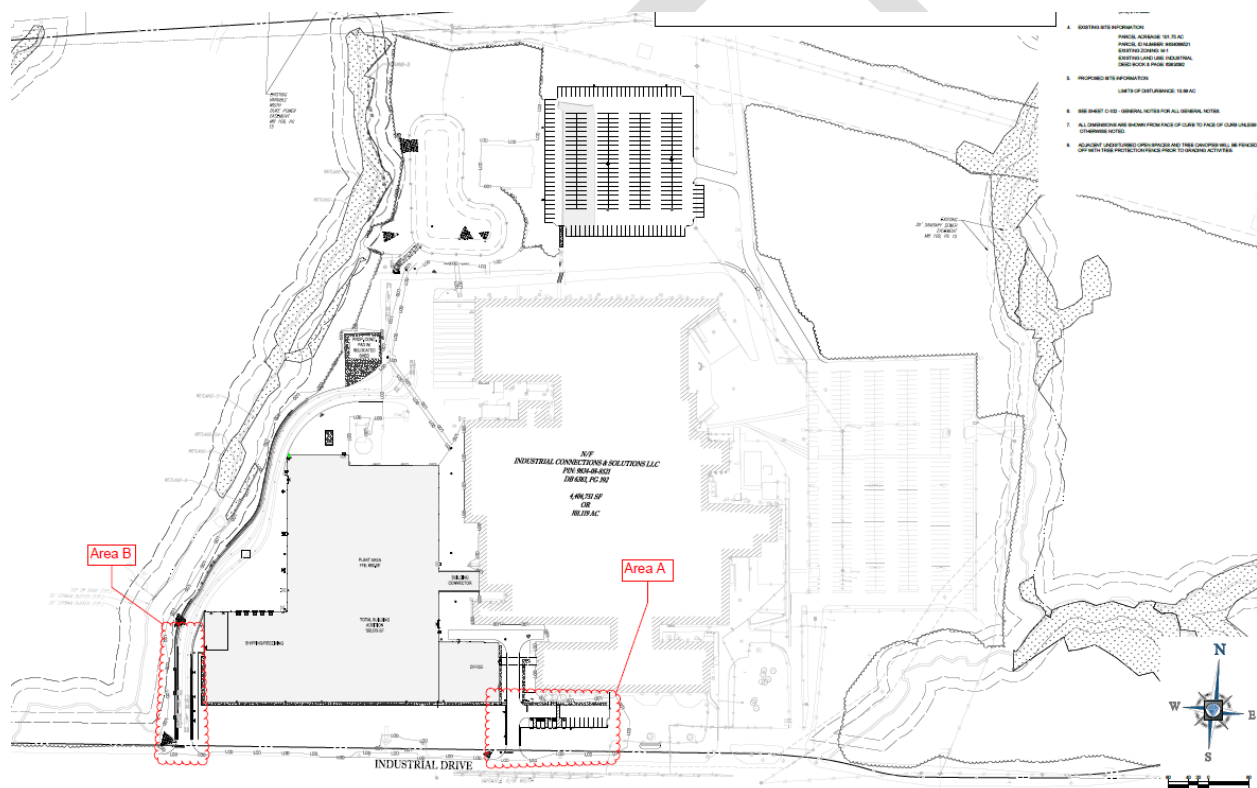
Ms. Philipps said as stated before this is not a rezoning request it is a subdivision plat request and it is a subdivision plat that complies with the criteria that is set out in the City's UDO. She said she does not personally like this subdivision because of the septic tanks on the edge of the City's water and sewer service area and the disruption of the land that will come from installing septic fields. She does not like that the resulting cleared lots will be planted with lawns that people will put fertilizer on which she feels is damaging to our water system. She does not like that people living in this subdivision will think they live in Mebane but will not be able to vote in Mebane's elections and they will not pay City taxes. She does not like that the residents of Summerhaven will benefit from proximity to Mebane but not paying City taxes. Unfortunately, the City of Mebane has adopted a UDO that specifies the criteria for approval of a plat and the applicant has met that criteria. Ms. Philipps stated she reluctantly moves to approve the plat including the open space proposal with the open space to be a private recreational facility maintained by the HOA because it does comply with the criteria of the UDO. Mr. Greene seconded Ms. Philipps motion. Mr. Bradley stated he adds to Ms. Philipps frustration as it seems like a waste of time to have an opportunity to vote in the best interest of the City in your opinion and you cannot vote in the best interest of the City. Mayor called for a vote. Ms. Philipps, Mr. Greene, Mr. Ewing and Mr. Bradley voted aye and Ms. Auditori voted nay. The motion passed with a 4-1 vote.

A Public Hearing was held on a request to annex property owned by the City. The annexation is a non-contiguous annexation containing 19.574 acres located at 6914 E. Washington Street in

Orange County and is the location for Mebane Memorial Garden cemetery. Mr. Brown presented the request and stated staff recommends adoption of the Ordinance to Extend the Corporate Limits. No one from the public spoke. Mr. Greene made a motion, seconded by Ms. Philipps, to close the Public Hearing. The motion carried unanimously. Mr. Bradley made a motion, seconded by Mr. Ewing, to adopt the Ordinance to Extend the Corporate Limits of the City of Mebane to include the 19.574 acres. The motion carried unanimously.

Mr. Stober presented a waiver request for curb and gutter from ABB. He explained that ABB is requesting that the new parking areas for visitors and employees at their expanded facility at 6801 Industrial Drive have the curb requirements waived by the City Council. He stated that the City of Mebane Unified Development Ordinance (UDO) Article 6, Section 4, Item 4.C (“Design Standards for Parking, Stacking, and Loading Areas, Improvements”) states that *“Parking lots containing 12 or more spaces shall also include curbing and storm drainage facilities. Driveway aprons shall be constructed to extend to the improved roadway. Provided, however, upon application the City Council may waive the requirement of curbing and/or storm drainage facilities where it is clearly demonstrated that curbing would be detrimental to the environment due to erosion or run off concerns or that the strict requirement of curbing and storm drainage would be unduly burdensome and financially not feasible.”*

Doug Sutter, ABB Program Manager, spoke on behalf of the request. He explained that as part of the overall project, ABB is investing \$40MM in new construction and manufacturing equipment. Currently the project is running to budget. However, with the extensive amount of rain, and the use of project contingency funding, the incremental \$100k to execute the curb and gutter plan would exceed our projected budget. He gave an overview of the map and plan details as follows.



- Area A is a small VIP parking lot, with no truck traffic, and the elevation of the parking lot compared to the elevation of Industrial Drive would preclude passing traffic from viewing the curbs from the street. There is no aesthetic detriment to the property.
- Area B is the truck entrance for the expansion building. This area will be curbed due to elevations and retaining walls, as well as the desire to control truck traffic at the entrance. No waiver is needed for area B.
- Area C is what has been referred to as the temporary North Parking Lot. The original plan was to develop a parking lot on the West side of the stream on the property. This option is no longer viable. As a result, ABB will submit a change to the phase 1 permit to convert the temporary parking to permanent parking. Please note:
 - This parking lot is in the rear of the property.
 - It is connected to an existing parking lot with over 500 spaces without curbing
 - Speed of executing is critical as ABB converts this parking lot to a permanent lot, so that business operations are unaffected.

Mr. Bradley asked if the driveway to Area A is going to be curbed as it will be very visible. Mr. Sutter replied that in their current waiver application it is not but they can evaluate that. Mr. Bradley said he has no issue with there being no curb and gutter on the rear lot but the front lot and the drive leading up to it would look a lot better and more easily maintained if curbed and guttered. Ms. Philipps said that is a good point and it would be nice, since it is right next to the driveway to Area B, if they could look similar from the street. She stated her biggest concern was with the stormwater and that concern was adequately addressed. She asked if ABB would be willing to reconsider the curb and gutter for at least the driveway of Area A. Mr. Sutter said they would reconsider the driveway and making both driveways match. Ms. Philipps made a motion, seconded by Mr. Bradley, to approve the waiver request with the condition to curb and gutter both driveways so they look similar from the street. The motion carried unanimously.

Mr. Boney asked for an update on ABB's project timeline. Mr. Sutter said originally, they had hoped for a certificate of occupancy (CO) in early July but with all the rain it looks like they may not get a CO until early August.

Ms. Philipps gave a brief update on the Bicycle and Pedestrian Plan Committee's (BPAC) happenings over the last year. She stated the BPAC has a draft 2019 annual report and a 2020 work plan that should be approved by the end of the month and Council will get a copy after approved. She stated last year the committee recommended several projects to the City Council including the MACC to Holt Street Greenway, sidewalks and bike boulevards. She said the greenway is still in the works but some of the capital investments are visible throughout the City as sidewalks have been installed on Center and Clay Streets and bicycle boulevard infrastructure has been installed on N. Fifth Street, N. Charles Street and Clay Street. She continued by stating that the BPAC also recommended resubmission of four (4) pedestrian connector projects for spot funding with the NCDOT. Additionally, in June of last year the BPAC assisted the Mebane Police Department with its bicycle rodeo which was a huge success. She highlighted the goals of the BPAC over moving forward which include promotion, programs, policies and projects. Ms. Philipps concluded the update with a statement commending the valuable committee members.

Mr. Hooks stated he has a conflict with the date for the April Council meeting and requested Council's consideration to reschedule to another date. He said it has been suggested that it be moved to April 14th as a budget work session meeting is set for that day and the regular monthly Council meeting could convene directly after. Mr. Bradley made a motion, seconded by Mr. Greene, to move the regular monthly meeting date to April 14, 2020. The motion carried unanimously.

Mr. Cheek announced that the 2020 Census is upcoming and strongly encouraged everyone to participate. He stated staff will be promoting the Census on social meeting. He then announced the previously mentioned budget work session to be held on August 14th at 2:00pm with the regular monthly Council meeting to follow at 6:00pm.

There being no further business, the meeting adjourned at 6:42pm.

Attest: _____
Stephanie W. Shaw, City Clerk

Ed Hooks, Mayor



AGENDA ITEM #4B

Petition for Voluntary Contiguous Annexation –
The White House- Celine and Aubrey Meador

Meeting Date

May 4, 2020

Presenter

Lawson Brown, City Attorney

Public Hearing

Yes No

Summary

Staff received a petition requesting voluntary contiguous annexation from Celine and Aubrey Meador.

Background

The applicant is requesting the described property to be annexed into Mebane's Corporate Limits. This is a contiguous annexation containing approximately 7.85 acres located at 7920 E. Washington Street.

Financial Impact

The property will be added to the ad valorem tax base for the City once the property is annexed.

Recommendation

Staff recommends Council's acceptance of the petition, the Clerk's Certificate of Sufficiency and adoption of a Resolution setting a date of public hearing for June 1, 2020.

Suggested Motion

I make a motion to accept the petition, the Clerk's Certificate of Sufficiency and to adopt the resolution setting a date of public hearing for June 1, 2020.

Attachments

1. Petition
2. Clerk's Certificate of Sufficiency
3. Map
4. Resolution



PETITION REQUESTING A CONTIGUOUS ANNEXATION

Annexation Process – Approximately a 2 Month Process

1st Month- Submit a Petition for Annexation to the City Council, the Clerk reports to City Council the Sufficiency of the Annexation and the City Council adopts a Resolution to set a Public Hearing

2nd Month- A Public Hearing is held and normally that same night, the City Council will adopt an Ordinance to set the effective date as the same or the Council will deny the request

Date: 4-15-20

To the City Council of the City of Mebane:

1. We the undersigned owners of real property respectfully request that the area described in Paragraph 2 below be annexed to the City of Mebane.
2. The area to be annexed is contiguous to the City of Mebane and the boundaries of such territory are as follows:

**Please include a Description of Boundaries (Metes and Bounds) on a separate paper.*

- **3. We acknowledge that any zoning vested rights acquired pursuant to G.S. 160A-385.1 or G.S. 153A-344.1 must be declared and identified on this petition. We further acknowledge that failure to declare such rights on this petition shall result in a termination of vested rights previously acquired for the property. (If zoning vested rights are claimed, indicate below and attach proof.)

Name	Address	Do you declare vested rights (Yes or No)	Signature
1. Aubrey Meador	7920 E. Washington St. Mebane, NC 27302	yes	
2. Celine Meador	7920 E. Washington St Mebane, NC 27302	yes	
3.			

*Municipality may wish to require metes and bounds description or map. (Provide 2 paper copies, an electronic copy and 3 mylars)

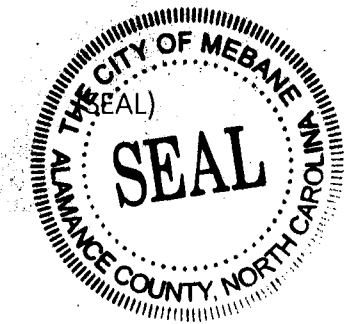
**This is one possible format for zoning vested rights declaration. This language may require modification to reflect the requirements of the municipal zoning vested rights ordinance, if any.

CERTIFICATE OF SUFFICIENCY

To the City Council of the City of Mebane, North Carolina:

I, Stephanie W. Shaw, City Clerk, do hereby certify that I have investigated the petition attached hereto and have found as a fact that said petition is signed by all owners of real property lying in the area described therein, in accordance with G.S. 160A-31.

In witness whereof, I have hereunto set my hand and affixed the seal of the City of Mebane, this 4th day of May, 2020.



Stephanie W. Shaw
Stephanie W. Shaw, City Clerk

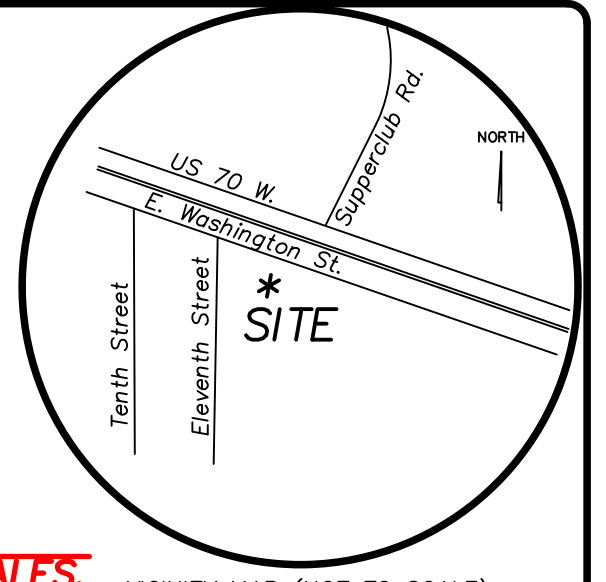
SURVEYOR'S CERTIFICATE
 I, ROBERT S. JONES, CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION FROM AN ACTUAL SURVEY MADE UNDER MY SUPERVISION (DEED DESCRIPTION RECORDED IN BOOK _____, PAGE _____); THAT THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AS DRAWN FROM INFORMATION FOUND IN BOOK _____, PAGE _____, THAT THE RATIO OF PRECISION AS CALCULATED IS 1:10000+; AND THAT THIS MAP MEETS THE REQUIREMENTS OF THE STANDARDS OF PRACTICE FOR LAND SURVEYING IN NORTH CAROLINA (21 NCAC 56.1600). THIS MAP WAS PREPARED IN ACCORDANCE WITH G.S. 47-30 AS AMENDED.

AND THAT:
 PER NCGS 47-30 (f)(1)(c)(1) THAT THE SURVEY IS OF AN EXISTING PARCEL OR PARCELS OF LAND AND DOES NOT CREATE A NEW STREET OR CHANGE AN EXISTING STREET. (SEE ALSO NCGS 47-30 (j)).

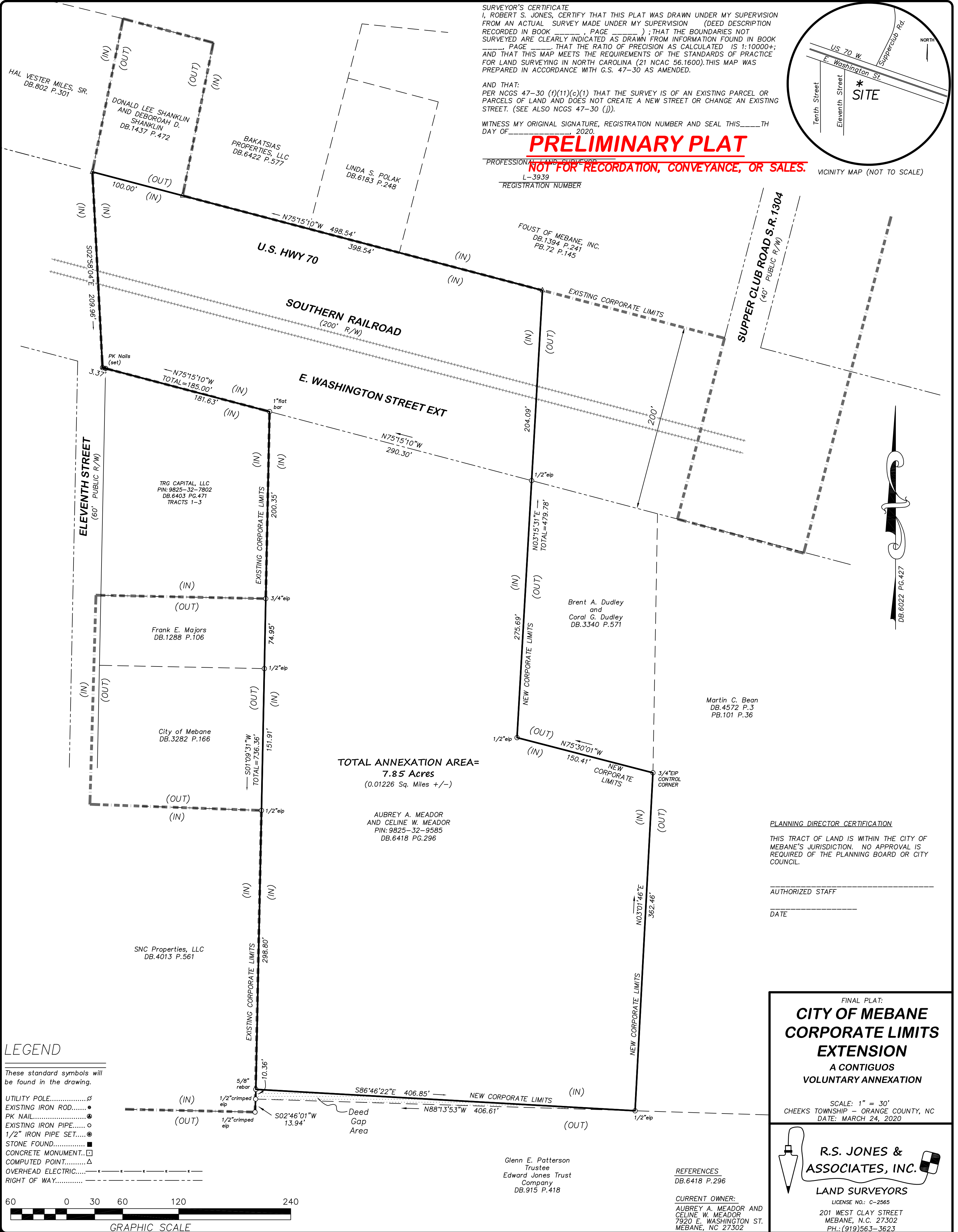
WITNESS MY ORIGINAL SIGNATURE, REGISTRATION NUMBER AND SEAL THIS _____TH DAY OF _____, 2020.

PRELIMINARY PLAT

PROFESSIONAL LAND SURVEYOR
NOT FOR RECORDATION, CONVEYANCE, OR SALES.
 L-3939
 REGISTRATION NUMBER



VICINITY MAP (NOT TO SCALE)



TOTAL ANNEXATION AREA =
7.85 Acres
 (0.01226 Sq. Miles +/-)

AUBREY A. MEADOR
 AND CELINE W. MEADOR
 PIN: 9825-32-9585
 DB.6418 PG.296

Brent A. Dudley
 and
 Coral G. Dudley
 DB.3340 P.571

Martin C. Bean
 DB.4572 P.3
 PB.101 P.36

TRG CAPITAL, LLC
 PIN: 9825-32-7802
 DB.6403 PG.471
 TRACTS 1-3

Frank E. Majors
 DB.1288 P.106

City of Mebane
 DB.3282 P.166

SNC Properties, LLC
 DB.4013 P.561

BAKATSIAS
 PROPERTIES, LLC
 DB.6422 P.577

LINDA S. POLAK
 DB.6183 P.248

FOUST OF MEBANE, INC.
 DB.1394 P.241
 PB.72 P.145

PLANNING DIRECTOR CERTIFICATION

THIS TRACT OF LAND IS WITHIN THE CITY OF MEBANE'S JURISDICTION. NO APPROVAL IS REQUIRED OF THE PLANNING BOARD OR CITY COUNCIL.

 AUTHORIZED STAFF

 DATE

FINAL PLAT:
**CITY OF MEBANE
 CORPORATE LIMITS
 EXTENSION**
 A CONTIGUOUS
 VOLUNTARY ANNEXATION

SCALE: 1" = 30'
 CHECKS TOWNSHIP - ORANGE COUNTY, NC
 DATE: MARCH 24, 2020

**R.S. JONES &
 ASSOCIATES, INC.**

LAND SURVEYORS

LICENSE NO.: C-2865
 201 WEST CLAY STREET
 MEBANE, N.C. 27302
 PH: (919)563-3623

REFERENCES
 DB.6418 P.296

CURRENT OWNER:
 AUBREY A. MEADOR AND
 CELINE W. MEADOR
 7920 E. WASHINGTON ST.
 MEBANE, NC 27302

Glenn E. Patterson
 Trustee
 Edward Jones Trust
 Company
 DB.915 P.418

LEGEND

These standard symbols will be found in the drawing.

- UTILITY POLE.....
- EXISTING IRON ROD.....
- PK NAIL.....
- EXISTING IRON PIPE.....
- 1/2" IRON PIPE SET.....
- STONE FOUND.....
- CONCRETE MONUMENT.....
- COMPUTED POINT.....
- OVERHEAD ELECTRIC.....
- RIGHT OF WAY.....



RESOLUTION SETTING DATE OF PUBLIC HEARING ON
QUESTION OF ANNEXATION PURSUANT TO G.S. 160A-31

WHEREAS, a petition requesting annexation of the area described herein has been received;
and

WHEREAS, certification by the City Clerk as to the sufficiency of the petition has been made;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Mebane, North Carolina
that:

Section 1. A public hearing on the question of annexation of the area described herein will be held at the Mebane Municipal Building at 6:00 p.m. on June 1, 2020.

Section 2. The area proposed for annexation is described as follows:

Beginning at a 1" Flat bar in the Southern R/W of E. Washington Street, the Northwest corner of the Aubrey and Celine Meador property; thence with the western line of said Meador S 01°09'31" W a distance of 726.00'to a point in the northern line of Glenn E. Patterson trustee; thence with said Petterson S 86°46'22" E a distance of 406.85'to a to a point, the southwest corner of Martin C. Bean; thence with said Bean N 03°01'46" E a distance of 362.46'to a point, the southeast corner of Brent and Carol Dudley in the said Bean line; thence with said Dudley N 75°30'01" W a distance of 150.41'to a point ; thence continuing with said Dudley and crossing the R/W E. Washington Street, Southern Railroad, and US Hwy 70 N 03°15'31" E a distance of 479.78'to a point in the Northern R/W of said US Hwy 70; thence with said US Hwy 70 N 75°15'10" W a distance of 498.54'to a point; thence crossing said US Hwy 70, Southern Railroad, and E. Washington Street S 02°58'04" E a distance of 209.96' to a PK Nail in the southern R/W of E. Washington Street and terminus of Eleventh Street; thence with said E. Washington Street S 75°15'10" E a distance of 185.00'to a point; which is the point of beginning, having an area of 7.85 Acres 0.01226 Square Miles

Section 3. Notice of the public hearing shall be published once in the Mebane Enterprise, a newspaper having general circulation in the City of Mebane, at least ten (10) days prior to the date of the public hearing.

Ed Hooks, Mayor

ATTEST:

Stephanie W. Shaw, City Clerk



AGENDA ITEM #4C

Petition for Voluntary Contiguous Annexation –
Mebane Oaks Lot 3 – Greg Spears

Meeting Date

May 4, 2020

Presenter

Lawson Brown, City Attorney

Public Hearing

Yes No

Summary

Staff received a petition requesting voluntary contiguous annexation from Greg Spears and John Spears.

Background

The applicants are requesting the described property to be annexed into Mebane's Corporate Limits. This is a contiguous annexation containing approximately 1.78 acres on Mebane Oaks Road. This property will be under consideration for future development at the May Planning Board Meeting and June Council meeting.

Financial Impact

The property will be added to the ad valorem tax base for the City once the property is annexed.

Recommendation

Staff recommends Council's acceptance of the petition, the Clerk's Certificate of Sufficiency and adoption of a Resolution setting a date of public hearing for June 1, 2020.

Suggested Motion

I make a motion to accept the petition, the Clerk's Certificate of Sufficiency and to adopt the resolution setting a date of public hearing for June 1, 2020.

Attachments

1. Petition
2. Clerk's Certificate of Sufficiency
3. Map
4. Resolution



PETITION REQUESTING A CONTIGUOUS ANNEXATION

Annexation Process – Approximately a 2 Month Process

1st Month- Submit a Petition for Annexation to the City Council, the Clerk reports to City Council the Sufficiency of the Annexation and the City Council adopts a Resolution to set a Public Hearing

2nd Month- A Public Hearing is held and normally that same night, the City Council will adopt an Ordinance to set the effective date as the same or the Council will deny the request

Date: 4/24/2020

To the City Council of the City of Mebane:

1. We the undersigned owners of real property respectfully request that the area described in Paragraph 2 below be annexed to the City of Mebane.
2. The area to be annexed is contiguous to the City of Mebane and the boundaries of such territory are as follows:

**Please include a Description of Boundaries (Metes and Bounds) on a separate paper.*

****3.** We acknowledge that any zoning vested rights acquired pursuant to G.S. 160A-385.1 or or G.S. 153A-344.1 must be declared and identified on this petition. We further acknowledge that failure to declare such rights on this petition shall result in a termination of vested rights previously acquired for the property. (If zoning vested rights are claimed, indicate below and attach proof.)

Name	Address	Do you declare vested rights (Yes or No)	Signature
1. John W Spears	569 Indian Valley Dr Burlington, NC 27217	No	<i>John W Spears</i>
2. GREG A SPEARS	83 BINGHAM RIDGE DR PITTSBORO, NC 27312	NO	<i>Greg A. Spears</i>
3.			

*Municipality may wish to require metes and bounds description or map. (Provide 2 paper copies, an electronic copy and 3 mylars)

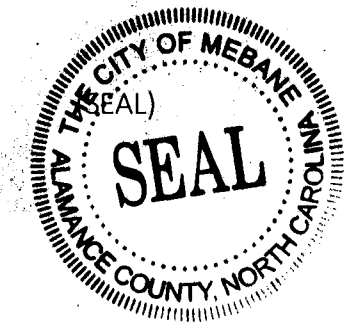
**This is one possible format for zoning vested rights declaration. This language may require modification to reflect the requirements of the municipal zoning vested rights ordinance, if any.

CERTIFICATE OF SUFFICIENCY

To the City Council of the City of Mebane, North Carolina:

I, Stephanie W. Shaw, City Clerk, do hereby certify that I have investigated the petition attached hereto and have found as a fact that said petition is signed by all owners of real property lying in the area described therein, in accordance with G.S. 160A-31.

In witness whereof, I have hereunto set my hand and affixed the seal of the City of Mebane, this 4th day of May, 2020.



Stephanie W. Shaw
Stephanie W. Shaw, City Clerk

RESOLUTION SETTING DATE OF PUBLIC HEARING ON
QUESTION OF ANNEXATION PURSUANT TO G.S. 160A-31

WHEREAS, a petition requesting annexation of the area described herein has been received;
and

WHEREAS, certification by the City Clerk as to the sufficiency of the petition has been made;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Mebane, North Carolina
that:

Section 1. A public hearing on the question of annexation of the area described herein will be
held at the Mebane Municipal Building at 6:00 p.m. on June 1, 2020.

Section 2. The area proposed for annexation is described as follows:

Beginning at a 5/8" rebar in the western line of Wilson Road, the southeast corner of lot 2 Mebane
Oaks Associates, NAD 83 coordinates: Northing:843966.46' Easting:1920498.47'; thence with said
Lot 2 and crossing Mebane Oaks Road(SR 1007) S 65°43'41" W a total distance of 344.44'to a point;
thence with the Western R/W of said SR 1007 S 27°20'14" E a distance of 186.27'to a point; thence
crossing said SR 1007 N 70°14'10" E a distance of 85.08'to a point in the northern property line of
Roger Shields; thence with said Roger Shields north line N 70°32'22" E a distance of 327.90'to a
point in the eastern R/W of Wilson Road Extension; thence with the eastern R/W of said Wilson
Road a curve turning to the right with an arc length of 73.08', with a radius of 270.00', with a chord
bearing of N 33°54'46" W, with a chord length of 72.85',to a point; thence continuing with said
Wilson Road N 26°09'33" W a distance of 78.10'to a point; thence crossing said Wilson Road S
63°50'27" W a distance of 60.00'to a point in the Western R/W of said Wilson Road; thence with
the western R/W of said Wilson Road N 26°09'33" W a distance of 68.54'to a point; thence with a
curve turning to the right with an arc length of 3.79', with a radius of 230.00', with a chord bearing
of N 25°41'15" W, with a chord length of 3.79', to a point ; which is the point of beginning, having
an area 1.78 Acres 0.00278 Square Miles.

Section 3. Notice of the public hearing shall be published once in the Mebane Enterprise, a
newspaper having general circulation in the City of Mebane, at least ten (10) days prior to the date
of the public hearing.

Ed Hooks, Mayor

ATTEST:

Stephanie W. Shaw, City Clerk



AGENDA ITEM #4D

Recombination Plat for Removal
of Shared Dedicated Access
Easement to Lots 55 & 56,
Emerson Drive, Bradford Place

Presenter

Cy Stober, Development Director

Applicant

Agency Partners, LLC
P.O. Box 667
Elon, NC 27244

Public Hearing

Yes No

Summary

Agency Partners, LLC, is requesting the removal of a shared “Access Easement” from Lots 55 and 56 on Emerson Drive, Mebane, NC, in the Bradford Place community. Agency Partners, LLC, owns both properties. The access easement was dedicated at the time of the major subdivision creating the Bradford Place community. It was a municipal dedication from the right of way (ROW) to two properties and is irrevocable by any party but the City of Mebane. The submitted recombination plat is otherwise exempt from Council action, approvable by the City Planning Department under North Carolina statute and City ordinances.

The removal of the access easement is featured on a submitted recombination plat between Lots 55 and 56 that will dedicate 2’ of property along the boundary between the two lots to allow Lot 56 to build a private access driveway up to 12’ in width, should it be developed as a R-12 lot. Without the dedicated land, a private driveway would encroach upon the stream buffer present on the property. Regardless, the removal of the access easement will require Lot 56 to acquire a Floodplain Development Permit to realize a driveway to the lot from the public ROW, as noted on the recombination plat. Lot 55 is accessible from the public ROW from any location along its frontage, allowing for by-right development as a R-12 zoning district.

Financial Impact

N/A

Recommendation

N/A

Suggested Motion

Motion to approve the request to removal the publicly-dedicated Access Easements to Lots 55 & 56 on Emerson Drive, Mebane, NC, in the Bradford Place community.

Attachments

1. Recombination Plat for removal of the Access Easement

SURVEYOR'S CERTIFICATE
 I, ROBERT S. JONES, CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION FROM AN ACTUAL SURVEY MADE UNDER MY SUPERVISION (DEED DESCRIPTION RECORDED IN BOOK _____, PAGE _____); THAT THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AS DRAWN FROM INFORMATION FOUND IN BOOK _____, PAGE _____; THAT THE RATIO OF PRECISION AS CALCULATED IS 1:10000+; AND THAT THIS MAP MEETS THE REQUIREMENTS OF THE STANDARDS OF PRACTICE FOR LAND SURVEYING IN NORTH CAROLINA (21 NCAC 56.1600). THIS MAP WAS PREPARED IN ACCORDANCE WITH G.S. 47-30 AS AMENDED.

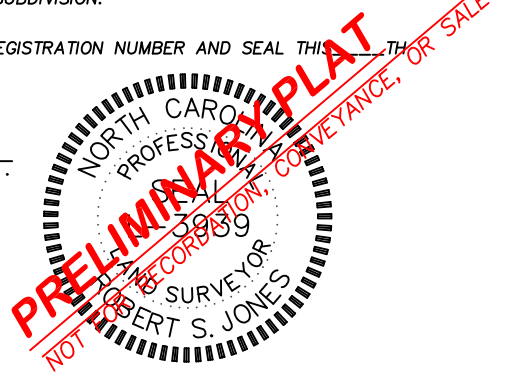
AND THAT:
 PER NC 47-30 (d)(1)(j) THE SURVEY IS OF ANOTHER CATEGORY, SUCH AS THE RECOMBINATION OF EXISTING PARCELS, A COURT-ORDERED SURVEY, OR OTHER EXCEPTION TO THE DEFINITION OF SUBDIVISION.

WITNESS MY ORIGINAL SIGNATURE, REGISTRATION NUMBER AND SEAL THIS _____TH DAY OF _____, 2020.

PROFESSIONAL LAND SURVEYOR

L-3939

REGISTRATION NUMBER

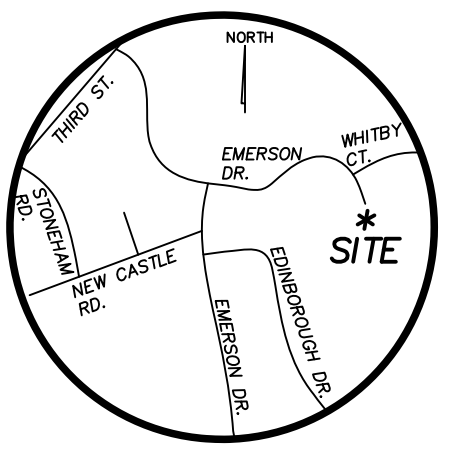
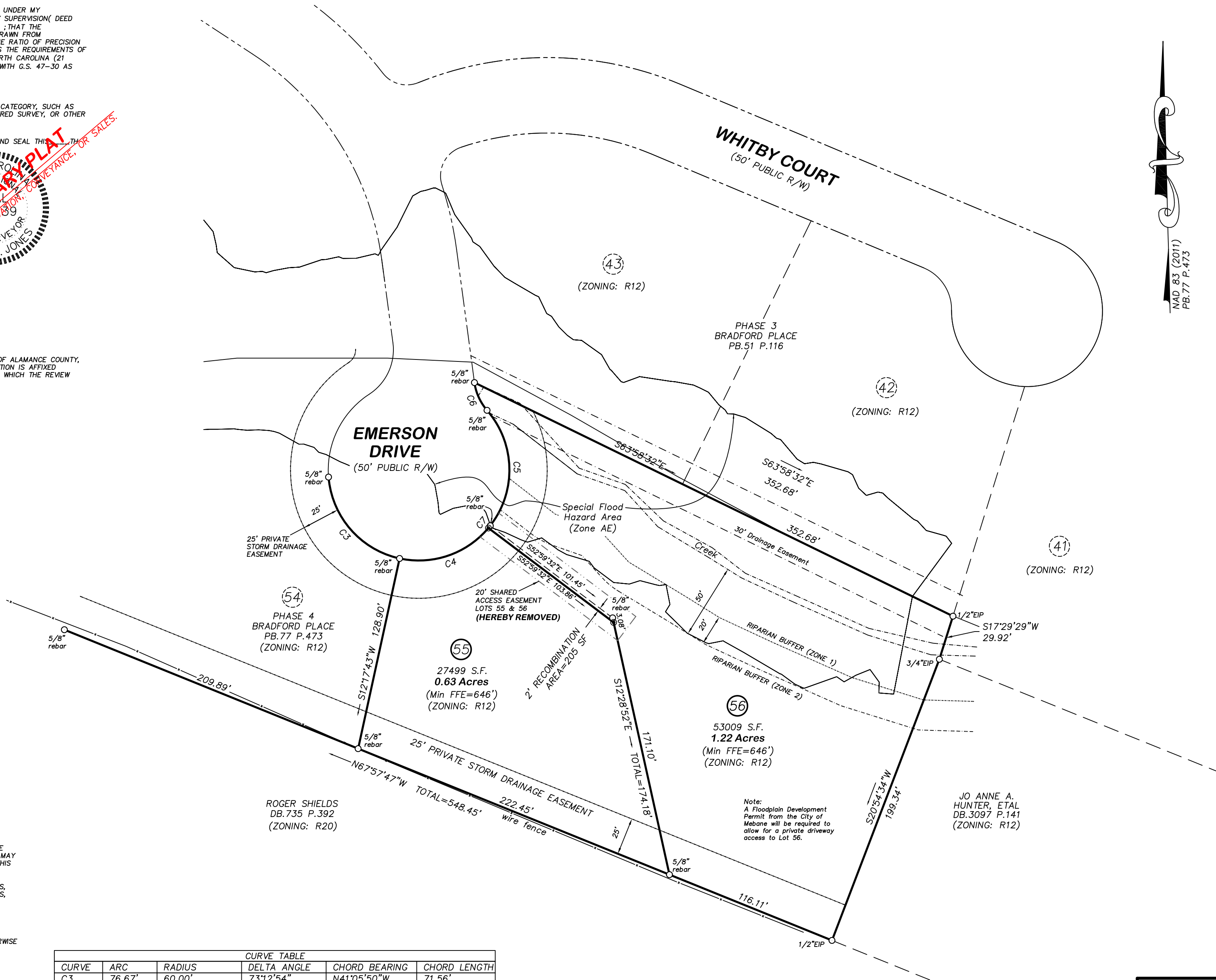


STATE OF NORTH CAROLINA
 COUNTY OF ALAMANCE

I, _____, REVIEW OFFICER OF ALAMANCE COUNTY, CERTIFY THAT THE MAP OR PLAT TO WHICH THIS CERTIFICATION IS AFFIXED MEETS ALL STATUTORY REQUIREMENTS FOR RECORDING FOR WHICH THE REVIEW OFFICER HAS RESPONSIBILITY AS PROVIDED BY LAW.

REVIEW OFFICER

DATE OF CERTIFICATION: _____



VICINITY MAP (NOT TO SCALE)

MINIMUM BUILDING SETBACKS	
FRONT:	30'
SIDE STREET	18'
SIDE:	10'
REAR:	25'

NAD 83 (2011)
 PB.77 P.473

- NOTES:
- 1.) ALL DISTANCES ARE HORIZONTAL GROUND DISTANCES UNLESS OTHERWISE NOTED.
 - 2.) SURVEY PERFORMED WITHOUT THE BENEFIT OF A TITLE SEARCH. REFERENCED MATERIALS ONLY USED. THERE MAY EXIST OTHER DOCUMENTS OF RECORD THAT AFFECT THIS PROPERTY.
 - 3.) NO ATTEMPT MADE TO LOCATE CEMETERIES, WETLANDS, HAZARDOUS MATERIALS SITES, UNDERGROUND UTILITIES, OR ANY OTHER FEATURES ABOVE OR BELOW GROUND OTHER THAN THOSE SHOWN.
 - 4.) ALL AREAS BY COORDINATE COMPUTATION.
 - 5.) NEW IRON RODS SET AT ALL CORNERS UNLESS OTHERWISE NOTED.

CURVE TABLE					
CURVE	ARC	RADIUS	DELTA ANGLE	CHORD BEARING	CHORD LENGTH
C3	76.67'	60.00'	73°12'54"	N41°05'50"W	71.56'
C4	65.38'	60.00'	62°26'16"	S71°04'35"W	62.20'
C5	82.86'	60.00'	79°07'34"	S01°37'00"E	76.43'
C6	20.48'	35.00'	33°31'37"	S24°24'59"E	20.19'
C7	2.00'	60.00'	1°54'40"	S38°54'07"W	2.00'

LEGEND

- These standard symbols will be found in the drawing.
- UTILITY POLE.....⊕
 - EXISTING IRON ROD.....●
 - PK NAIL.....⊙
 - EXISTING IRON PIPE.....○
 - 1/2" IRON PIPE SET.....⊙
 - STONE FOUND.....■
 - CONCRETE MONUMENT.....□
 - COMPUTED POINT.....△
 - OVERHEAD ELECTRIC.....—
 - RIGHT OF WAY.....—



CERTIFICATE OF EXEMPTION:
 I (WE) HEREBY CERTIFY THAT I AM (WE ARE) THE OWNER(S) OF THE PROPERTY SHOWN AND DESCRIBED HEREON, WHICH WAS CONVEYED TO ME (US) BY DEED RECORDED IN BOOK _____, PAGE _____ AND THAT SAID PROPERTY QUALIFIES AS AN EXEMPTION TO THE DEFINITION OF A SUBDIVISION IN ACCORDANCE WITH THE PROVISIONS OF NCGS 160A-376. I (WE) UNDERSTAND THAT EXEMPTION FROM THE PLAT PREPARATION PROVISIONS OF THE CITY OF MEBANE UNIFIED DEVELOPMENT ORDINANCE DOES NOT EXEMPT THE USE OF THE PROPERTY OR BUILDING DEVELOPMENT ON THE PROPERTY FROM MEETING ALL APPLICABLE REQUIREMENTS OF THE CITY OF MEBANE UNIFIED DEVELOPMENT ORDINANCE.

DATE _____ OWNER(S)
 DATE _____ OWNER(S)
 ZONING ADMINISTRATOR _____ DATE _____

REFERENCES
 PB.77 P.473
 DB.3497 P.314
 PB.51 P.116

CURRENT OWNER:
 AGENCY PARTNERS, LLC
 PO BOX 667
 ELON, NC 27244

RECOMBINATION OF LOTS:
LOT 55 & 56
PHASE 4
BRADFORD PLACE

SCALE: 1" = 50'
 MELVILLE TOWNSHIP - ALAMANCE COUNTY, NC
 DATE: APRIL 17, 2020

R.S. JONES & ASSOCIATES, INC.

LAND SURVEYORS
 LICENSE NO.: C-2565
 201 WEST CLAY STREET
 MEBANE, N.C. 27302
 PHONE: (919)563-3623 FAX: (919)563-0086



AGENDA ITEM #4E

Contract for 2019-20 Audit

Meeting Date

April 14, 2020

Presenter

Jeanne Tate

Public Hearing

Yes No

Summary

Stout, Stuart, McGowen & King, LLP has presented an engagement contract for an audit of the financial records of the City for the fiscal year ending June 30, 2019. Approval of this contract is requested, subject to approval by the Local Government Commission of the State Treasurer's Office.

Background

North Carolina General Statute §159-34 requires an annual audit of governmental units at the conclusion of each fiscal year by an independent audit firm. For the past three years, in keeping with best practice recommendations, the City has engaged with one firm, Cobb, Ezekiel Loy & Co, for assistance in preparation of the financial statements, and with another, Stout, Stuart, McGowen & King, for the audit itself. The cost for last year's audit was \$22,500. The proposed fee for FY19-20 is \$22,950. Actual cost will depend on the work required for the audit.

Financial Impact

The amount needed for the contract is included in the proposed 2020-21 budget.

Recommendation

Staff recommends approval of the contract as presented.

Suggested Motion

I make a motion to approve the contract as presented.

Attachments

1. Contract to audit accounts
2. Engagement Letter and Peer Review

The	Governing Board City Council
of	Primary Government Unit (or charter holder) City of Mebane
and	Discretely Presented Component Unit (DPCU) (if applicable)

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

and	Auditor Name STOUT STUART MCGOWEN & KING, LLP
	Auditor Address P.O. Box 1440, Burlington, NC 27216-1440

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/20	Audit Report Due Date 10/31/20
-----	--------------------------------	-----------------------------------

Must be within four months of FYE

hereby agree as follows:

- The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
- At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit performed under the requirements found in Subpart F of the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC staff within four months of fiscal year end. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's (Units') records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to

the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.

10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).

11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.

13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit Report Reissued Form (available on the Department of State Treasurer website). These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC staff.

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the

Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to charter schools or hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 28 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.

18. Special provisions should be limited. Please list any special provisions in an attachment.

19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.

20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to charter schools or hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.

21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.

22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and Governmental Auditing Standards, 2018 Revision (as applicable). Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. Applicable to charter school contracts only: No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

29. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 16 for clarification).

30. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/slq/Pages/Audit-Forms-and-Resources.aspx>.

31. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

32. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Governmental Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will not be approved.

Financial statements were prepared by: Auditor Governmental Unit Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:	Title and Unit / Company:	Email Address:
<input type="text"/>	<input type="text"/>	<input type="text"/>

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees below. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year billings. Should the 75% cap provided below conflict with the cap calculated by LGC staff based on the prior year billings on file with the LGC, the LGC calculation prevails. All invoices for services rendered in an audit engagement as defined in 20 NCAC 3 .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

PRIMARY GOVERNMENT FEES

Primary Government Unit	City of Mebane
Audit Fee	\$ 22,950.00
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval <i>(not applicable to hospital contracts)</i>	\$ 17,213.00

DPCU FEES (if applicable)

Discretely Presented Component Unit	
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$
75% Cap for Interim Invoice Approval <i>(not applicable to hospital contracts)</i>	\$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* STOUT STUART MCGOWEN & KING, LLP	
Authorized Firm Representative (typed or printed)* Patricia B. Rhodes	Signature* <i>P.B. Rhodes</i>
Date* 2/29/2020	Email Address* pbrhodes@ssmklp.com

GOVERNMENTAL UNIT

Governmental Unit* City of Mebane	
Date Primary Government Unit Governing Board Approved Audit Contract* (G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)* Ed Hooks	Signature*
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

Primary Governmental Unit Finance Officer* (typed or printed) Jeanne Tate	Signature*
Date of Pre-Audit Certificate*	Email Address* jtate@cityofmebane.com

**SIGNATURE PAGE – DPCU
(complete only if applicable)**

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

DPCU – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

DPCU Finance Officer (typed or printed)*	Signature*
Date of Pre-Audit Certificate*	Email Address*

Remember to print this form, and obtain all required signatures prior to submission.





**STOUT
STUART
M^cGOWEN
& KING LLP**

*Certified
Public
Accountants*

*Advisors to
Management*

February 29, 2020

Mr. Ed Hooks, Mayor
City of Mebane
Mebane, North Carolina

Dear Mayor Hooks:

We are pleased to confirm our understanding of the services we are to provide City of Mebane for the year ended June 30, 2020. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of City of Mebane as of and for the year ended June 30, 2020. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement City of Mebane's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to City of Mebane's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability
- 3) Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability as a Percentage of Covered Payroll
- 4) Other Postemployment Benefits Schedule of Changes in Total OPEB Liability and Related Ratios
- 5) Local Government Employees' Retirement System Schedule of Proportionate Share of Net Pension Liability
- 6) Local Government Employees' Retirement System Schedule of Contributions
- 7) Firefighters' and Rescue Squad Workers' Pension Plan Schedule of Proportionate Share of Net Pension Liability

*Mailing Address:
P.O. Box 1440
Burlington, NC 27216-1440*

*Street Address:
1233 South Church Street
Burlington, NC 27215*

*336-226-7343
fax 336-229-4204
www.ssmkllp.com
e-mail: ssmk@ssmkllp.com*

*Member of PCPS,
The AICPA Alliance
For CPA Firms*

We have also been engaged to report on supplementary information other than RSI that accompanies City of Mebane's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and we will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of expenditures of federal and State awards.
- 2) Combining and individual fund financial statements and schedules.

The following additional information accompanying financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will disclaim an opinion.

- 1) Introductory information.
- 2) Statistical tables.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City of Mebane and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the City of Mebane's financial statements. Our report will be addressed to the City Council of the City of Mebane. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the City of Mebane is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements, and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Mebane's compliance with provisions of applicable laws, regulations, contracts, agreements and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Management Responsibilities

Management is responsible for designing, implementing and maintaining effective internal controls, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts and grant agreements. You are also responsible to the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are also responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP;

(3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience, evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the City of Mebane; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of STOUT STUART McGOWEN & KING LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to grantor agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of STOUT STUART McGOWEN & KING LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release or for any additional period requested by the grantor agencies. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately June 1, 2020 and to issue our reports no later than October 31, 2020. Patricia B. Rhodes is the engagement partner and is responsible for supervising the engagement and signing the report. Our fee for these services will be at \$22,950 in accordance with our audit contract dated February 29, 2020.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2017 peer review accompanies this letter.

We appreciate the opportunity to be of service to City of Mebane and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

STOUT STUART MCGOWEN & KINGS LLP

RESPONSE:

This letter correctly sets forth the understanding of City of Mebane.

By:

Title:

Date:



WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

December 15, 2017

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners of Stout, Stuart, McGowan & King, LLP
and the Peer Review Committee of the North Carolina
Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Stout, Stuart, McGowan & King, LLP (*the firm*) in effect for the year ended June 30, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (*Standards*).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

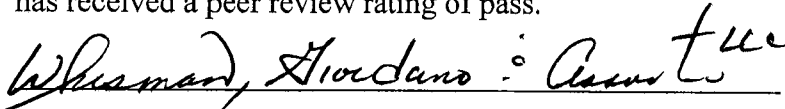
Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and audits of employee benefit plans.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Stout, Stuart, McGowan & King, LLP in effect for the year ended June 30, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Stout, Stuart, McGowan & King, LLP has received a peer review rating of pass.

A handwritten signature in cursive script that reads "Whisman, Giordano & Associates, LLC". The signature is written in dark ink and is positioned above a horizontal line.

Whisman, Giordano & Associates, LLC
Newark, Delaware



Budget Message 2020-2021

Staying Positively Charming – A Coronavirus Challenge

David S. Cheek, City Manager
May 4, 2020



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BUDGET MESSAGE

May 4, 2020

Mayor and City Councilmembers
City of Mebane, North Carolina

Dear Mayor and Councilmembers,

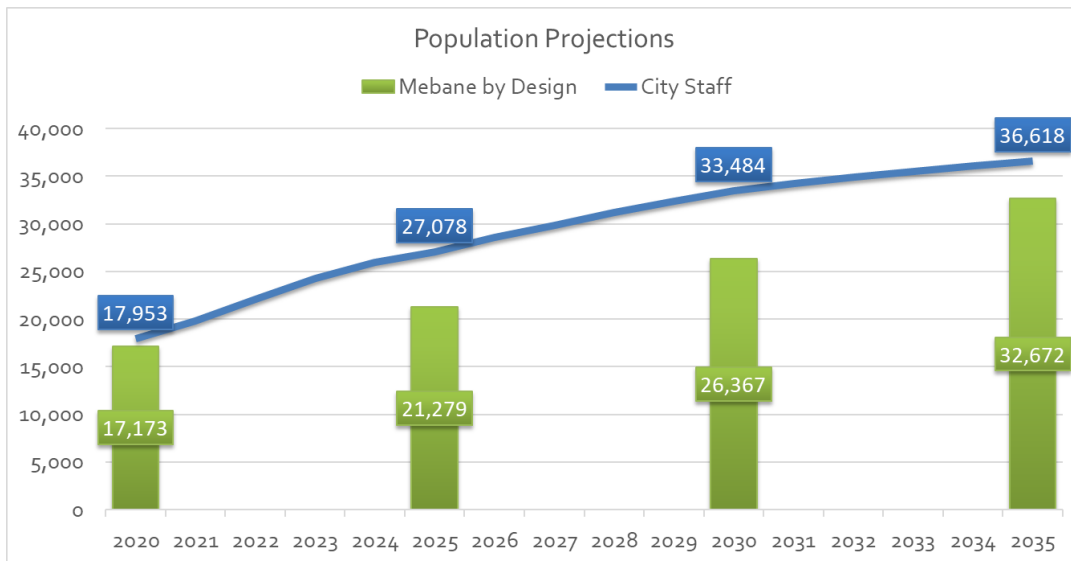
Can I begin this year's budget message with anything other than the global pandemic set in motion by the coronavirus? From Wuhan, China, all the way to Mebane, this unprecedented shutdown of the world has everyone wondering about their future. With "Stay at Home" orders that limit groups to ten or less, deem businesses as non-essential, and encourage social distancing in every facet of life, we find ourselves questioning almost every footing on which we've built our trust. Steady jobs, freedom to move about, ample stocks of food and supplies, and healthy human interaction have become luxuries instead of basic needs. New microscopic risks lurk around every corner and on every surface. Even the air we breathe is suspected of carrying the virus. To add to this, we have no indication when this quarantine might end or how long it will last.

While City government is complying with virus-inspired restrictions, we cannot halt services since most must go on regardless of the risks. Many of us work from home now, are limited to minimal interaction with colleagues, and our meetings have been reduced to headshots on flat screens with stilted conversations. Most all City employees are essential because government services are essential. Imagine if there was no trash and recycling pickup, police and fire protection, water distribution and treatment, street maintenance, building inspections and even budget administration. It is in a crisis like this that our citizens look to City government the most, but it also a time that increases risk for our public safety and frontline workers due to potential exposure to the virus. To add to this, the City is working hard to find scarce personal protective equipment like masks, hand sanitizer, and gowns to ensure employee safety. City hall is closed to foot traffic while platoons of employees rotate to continue providing citizen guidance, information and collection of revenues. With the April council meeting and usual budget work sessions canceled, the May meeting will be held via video conference to deliver this budget message to the Council and the public.

MEBANE STILL GROWING, POSSIBLY SLOWING

Despite these unprecedented times, Mebane's growth continues at a brisk pace, though homebuilders are beginning to slow construction until the pandemic's influence on the

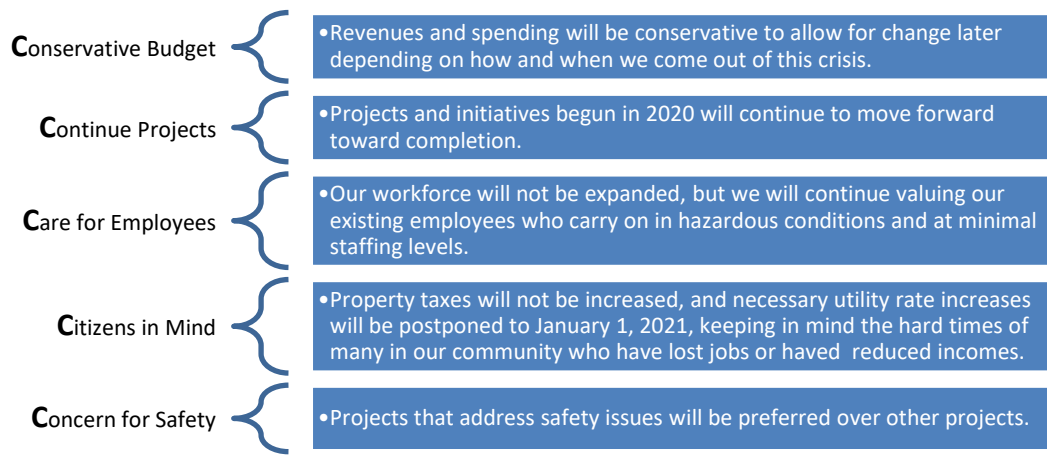
economy can be determined. Even still, current estimates reveal that we are growing at about 1,000 new residents per year. New jobs, both in and around our City, are drawing new residents in increasing numbers just as our demographic forecasts have projected. The City's population is currently growing at a faster rate than anticipated in our long-range plan! Mebane by Design projected an annual growth rate of 4.8%, but based on new developments approved and planned, staff expects annual growth at 5.2%. No matter the projection, Mebane's population is destined to be over 30,000 in 15 years.



With the decennial census well underway, we are anxious for more formal confirmation of the City's growth rate and population. Staff believes we are approaching 18,000 residents despite the U.S. Census Bureau's guess of just over 15,500. In any event, as developers continue to expand the inventory of new homes and apartments, and industrial announcements and inquiries persist, all indications are that Mebane will continue to be one of the fastest-growing cities in North Carolina. Mebane's small-town charm, prime location near the Triangle, and quality City amenities serve only to strengthen the attraction of new people into the City.

A CORONAVIRUS CHALLENGE

In my thirty-plus years of government service, I have never experienced a more upside-down world in which to prepare a budget, much less estimate the revenues that support it! Despite that, as is customary at the May regular council meeting each year, I am proposing this spending plan for the fiscal year ending June 30, 2021. Considering these unprecedented times, the budget theme for this year is *Staying Positively Charming – A Coronavirus Challenge*. After several meetings with department heads and the budget committee, I developed this budget with several principles in mind. As depicted at the right using the five C's To combat COVID-19, I am implementing C-5 budgeting!



In short, we will continue current levels of service as normally as possible, while keeping essential initiatives moving forward. Effectively, the City will continue to do what it is currently doing with a view towards how and when the coronavirus state of emergency will end. As the impact of this crisis on our economy and our local revenues becomes more evident, we can consider if additions or decreases to the budget are necessary.

GENERAL FUND

EXECUTIVE SUMMARY

First, I am not recommending any increase in the property tax rate in keeping with Principle C-1. Even so, the General Fund will increase by 5.5% to \$22,365,300. At first glance, a \$1,173,000 increase seems more like a moderate expansion than a continuation budget. However, greenway and park projects already in progress, the purchase of needed vehicles in Sanitation, and the urgent need to repair the Lake Michael dam account for \$2,138,650 of the fund's proposed expenditures. Without these projects, recommended expenses are decreasing by 4.8%. With a 1.6% decline in revenues due to the COVID-19 crisis, we plan to use the low-interest-rate environment and obtain bank loans to fund these projects. Even with these loan proceeds, I am recommending a \$2,174,018 appropriation of fund balance. Fortunately, \$912,000 of this planned use of fund balance comes from reserves accumulated in the capital fund set aside for such capital needs. This appropriation of the fund balance is higher than last year's allocation, but one of the reasons we maintain a prudent level of fund balance is for unprecedented times like these. Our strong fund balance position protects against reducing service levels or raising taxes and fees during unforeseen events like this global pandemic and statewide shutdown. With our conservative revenue and expenditure projections, I fully expect the City's fund balance to remain healthy and stay within our policy limits.

General Fund Budget with Changes in Fund Balance	2020 Adopted	2021 Proposed	Increase (Decrease)	% Change
Total revenues.....	\$ 18,543,230	\$ 18,252,212	\$ (291,018)	(1.6%)
Other financing sources.....	1,149,070	1,939,070	790,000	68.8%
Total revenues & OFS.....	19,692,300	20,191,282	498,982	2.5%
Expenditures.....	21,192,300	22,365,300	1,173,000	5.5%
Change in fund balance.....	(1,500,000)	(2,174,018)	(674,018)	44.9%
Beginning fund balance.....	14,513,818	13,013,818	(1,500,000)	(10.3%)
Ending fund balance.....	\$ 13,013,818	\$ 10,839,800	\$ (2,174,018)	(16.7%)

REVENUES & OTHER FINANCING SOURCES

The General Fund's primary sources of revenue include property taxes, sales taxes, intergovernmental revenues, and permits and fees. Property and sales taxes make up just over 80% of all revenues. This year, we are predicting a decline in total revenues due to the coronavirus shutdown's economic impact. This decline is highly unusual and almost unprecedented for Mebane, as the past decade has seen consistent and vigorous annual growth in the City's revenues. For 2021, we expect total revenues to decrease by 1.6% compared to the 2020 adopted budget. The following table compares General Fund revenues for the three years from 2019 to 2021. Not only are projected revenues for 2021 lower than this year, but they are also less than revenues in 2019. As just stated, to maintain existing service levels and continue ongoing projects, we are increasing the use of other financing sources to offset these dismal estimates. This increase in other financing sources will include borrowing funds for some Public Works vehicles, the Cates Farm Park, the MACC to Holt Street Greenway and the Lake Michael Dam. In addition to this, we are recommending the appropriation of \$2,174,018 in fund balance.

General Fund	2019 Actual	2020 Budget	2020 Estimated	2021 Projected	Increase (Decrease)	% Change
Revenues						
Property taxes.....	\$ 10,875,324	\$ 11,124,975	\$ 11,295,995	\$ 11,492,912	\$ 367,937	3.3%
Sales taxes.....	3,407,296	3,515,300	3,255,350	3,190,243	(325,057)	(9.2%)
Privilege licenses.....	1,030	1,000	1,030	1,000	-	0.0%
Unrestricted intergovernmental.....	1,666,290	1,821,770	1,617,714	1,638,000	(183,770)	(10.1%)
Restricted intergovernmental.....	543,018	410,085	532,433	457,150	47,065	11.5%
Permits & fees.....	923,754	809,000	728,871	780,307	(28,693)	(3.5%)
Sales & services.....	554,575	625,100	629,586	625,000	(100)	(0.0%)
Investment earnings.....	120,310	15,000	85,000	20,000	5,000	33.3%
Miscellaneous.....	288,662	221,000	404,683	47,600	(173,400)	(78.5%)
Total revenues.....	18,380,259	18,543,230	18,550,662	18,252,212	(291,018)	(1.6%)
Other financing sources						
Transfers in.....	-	-	-	-	-	N/A
Debt proceeds.....	735,468	1,149,070	-	1,939,070	790,000	68.8%
Appropriated fund balance.....	-	1,500,000	957,587	2,174,018	674,018	44.9%
Total other financing sources.....	735,468	2,649,070	957,587	4,113,088	1,464,018	55.3%
Total revenues & other financing sources.....	\$ 19,115,727	\$ 21,192,300	\$ 19,508,249	\$ 22,365,300	\$ 1,173,000	5.5%

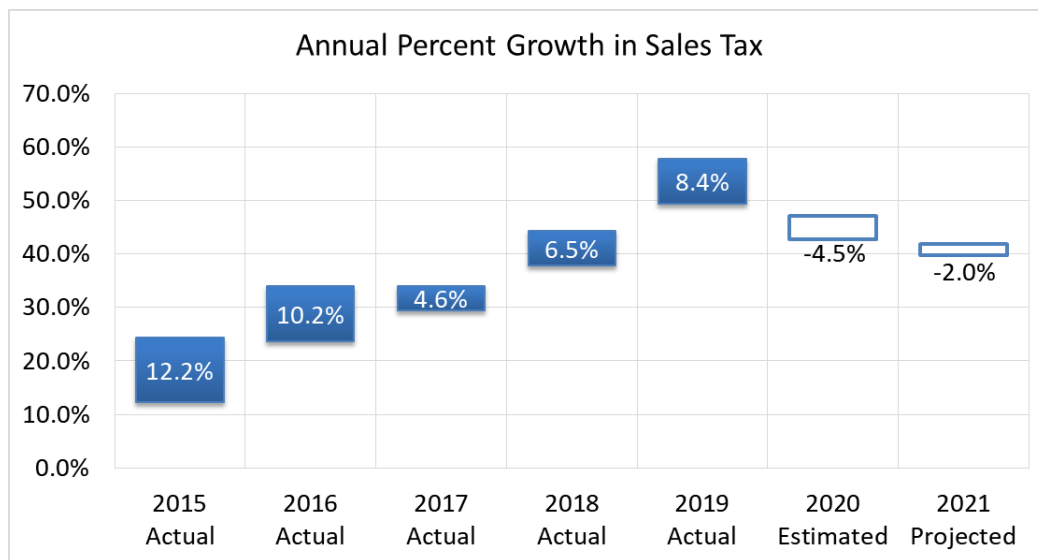
PROPERTY TAXES

Property taxes comprise 63% of the City's total revenues. We do not expect the coronavirus

crisis to have an extraordinary impact on property taxes though we are estimating a slightly lower collection percentage than usual. I am not recommending a tax increase, so the \$0.47 property tax rate per \$100 of property value will balance the budget. At this rate, property taxes will increase a modest 3.3% and total \$11,492,912. This estimate includes current year taxes, motor vehicle taxes, fire district taxes, prior year taxes and penalties and interest. The additional property tax revenue is entirely due to growth in the City's tax base, projected to be \$2,237,062,961. Due to the expected economic fallout from COVID-19, we are estimating a collection rate of 98% instead of the historical 99%. One cent on the tax rate will net \$219,232.

SALES TAX

This year, projections for sales tax are very uncertain. National and state economic forecasts are being revised daily in response to increasingly stringent stay-at-home and social distancing measures put in place by the State to slow the spread of the virus. We cannot know the magnitude of the impact of these measures on sales tax. There is a growing consensus among economists that there will be a sharp economic decline in the U.S. at least from April through June (our fourth quarter). With the wave of unemployment claims caused by business closures and the statewide stay-at-home order, likely at least one more quarter (July through September, our first quarter) of negative growth will follow. Two quarters of decline meets the popular definition of a recession. Likely, the economy will then gradually recover into early 2021. Retail sales have typically shown robust growth in Mebane. The average annual growth in sales tax averaged a solid 7.9% for the five years from 2015 to 2019. The chart below depicts the yearly increases for these years, along with the projections for 2020 and 2021. For the current year, we are expecting a 4.5% decrease from 2019, which means our sales tax estimate will be short by \$259,950.



On top of this deficit, the projected reduction for 2021 is \$65,107 (2.0%). When compared to our 2020 budget estimate, the 2021 budget projects a decrease of 9.2%. The impact of the virus on our sales tax will be dramatic, going from a 5-year average increase of \$225,000 to

a \$325,057 decrease this coming year. That's a striking blow to the budget when you consider the difference between the two creates a budgetary decline of over \$550,000. That's a half-million-dollar decline in ongoing revenues that will likely require a few years of recovery, depending on how quickly the economy turns around. Essentially, this projection puts us back at 2018 levels for sales tax.

INTERGOVERNMENTAL REVENUE

The electricity sales tax, the Powell Bill allocation, and contracted tax sharing include the bulk of intergovernmental revenues combining to make up approximately 12% of total revenues. The Electricity Sales Tax will be flat for 2021, although Airgas's opening might provide an unexpected increase. The State restricts the Powell Bill Allocation for maintaining, repairing, or constructing City-owned streets and rights-of-way. Contracted tax sharing is the additional tax required of Walmart per the incentive agreement. Other state-shared revenues include sales taxes on telecommunications, video programming and natural gas. Restricted intergovernmental revenue is estimated to be \$457,150, an 11.5% increase over this year. Unrestricted intergovernmental revenue is decreasing to \$1,638,000. This 10.1% decline is primarily the result of a decrease in the contracted tax sharing revenue that is dropping from \$282,000 to \$130,000. Increased tax revenues generated by N.C. Commerce Park industries' larger property values will offset this decline.

PERMITS AND FEES

Permits and Fees consist primarily of planning and inspection fees associated with residential and non-residential development within the City and its extraterritorial jurisdiction (ETJ). Total permits and fees are projected at \$780,307, making up about 4% of total revenues. The residential development sector will likely slow somewhat, again depending on how we emerge from this crisis. Many builders have stopped building speculative houses and are only building to suit. The real estate housing market has been a seller's market in Mebane, but the virus's impact on the national economy is being felt here at home as well. To that end, we are estimating a slight decrease in permits and fees of 3.5%.

OTHER FINANCING SOURCES

To balance the budget, we need to appropriate fund balance of \$2,174,018 in addition to \$1,939,070 in bank financing for the following projects:

- The design of the MACC-Holt Street Greenway is complete, and we are currently in the process of obtaining permits and easements. We expect to bid this project before fiscal year-end. The \$1,223,470 project has been funded with cash so far, but completing the project will require a bank loan of \$784,070. With Impact Alamance donating \$250,000 to this project, we need to keep it moving forward.
- Bank loans totaling \$1,155,000 will finance the following projects:
 - The Lake Michael Dam (\$350,000) is in immediate need of repair. We have discussed the renovation of this dam for the last ten years, and we are concerned

enough to consider this an urgent safety recommendation. An engineering firm is currently evaluating the dam, and the report is due in the next month.

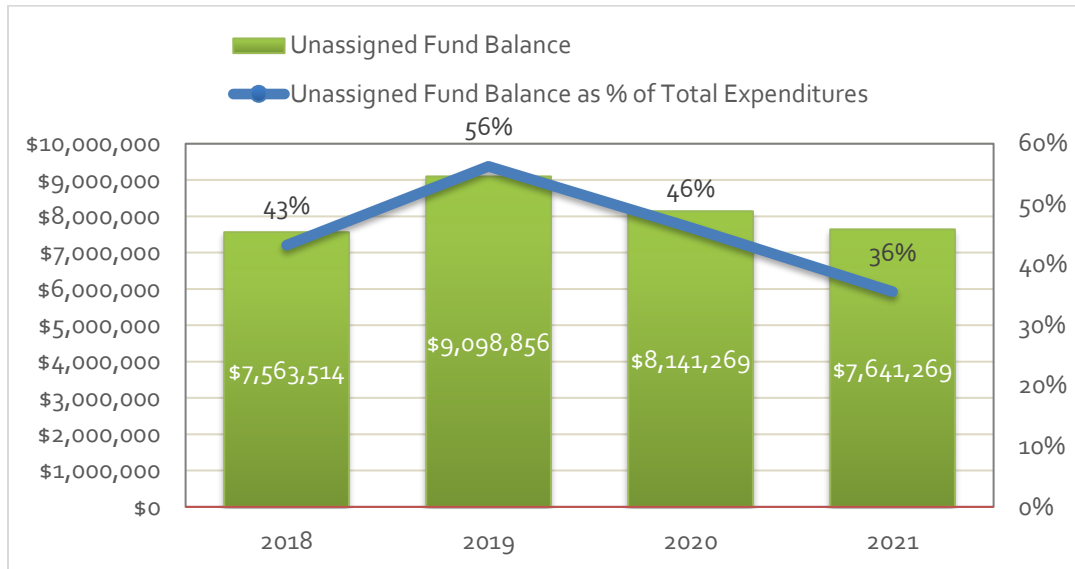
- Sanitation needs to purchase of a swap loader which is a combination leaf/utility truck (\$270,000) and a badly needed replacement brush truck (\$160,000). At one point this year, we had all three leaf trucks out of commission for repairs. The swap loader allows the body of the truck to be swapped so it doesn't sit idle for nine months and can be adapted to perform many tasks, including spraying brine, spreading salt, and even as a dump truck.
- The design of the trails at the Cates Farm Park is complete, and the trails are marked out. Plans are to cut these trails over the next few months. We have determined a location for the fully accessible tree-house playground; however, I recommend that we add bathrooms and a picnic shelter near the treehouse and use our own forces to build a gravel road into the park. These items will cost an additional \$375,000. Impact Alamance has also donated \$250,000 to this project, so I am recommending that it be continued and made more accessible with a gravel road and paved parking lot at the playground and shelter.



Proposed Cates Farm Playground Area

Bank financing for large purchases and projects makes so much sense now because the interest rates are at all-time lows, and our debt load is well under norms. As mentioned previously, the amount of fund balance recommended for appropriation this year is not unprecedented, but it is higher than the City has appropriated in the past several years. The reason we have a healthy fund balance and a policy that keeps it that way is because it allows the City flexibility to adjust for unexpected opportunities or challenges during the year. I believe these unprecedented times call for the use of a bit more fund balance, and this recommended appropriation may take the balance below the minimum policy threshold of

50% of expenditures; however, we have been below our policy level before. Based on a worst-case scenario, we estimate that the fund balance percentage could reach 36% by the end of 2021; however, even 36% is a sufficiently strong financial position. The following chart shows this expected impact on the fund balance as a percentage of total expenditures.



EXPENDITURES & OTHER FINANCING USES

BUDGET REQUESTS – THE STRESS OF GROWTH

General Fund budget requests this year are beginning to show the strain of keeping up with our quickly expanding City. Department heads initially requested a total of \$23,383,809 during the budget process this year. Along with inflationary operational increases, new personnel requests included 18 new positions and five reclassifications. Also, significant department capital requests likely indicate worn-out equipment, vehicles needing replacement, and aging infrastructure requiring substantial repair. To fund all these requests, we would need to increase the property tax a minimum of \$1,018,509. With one penny on the tax rate estimated to bring in \$219,232, the tax rate would have to increase by 4.6 cents to meet the rest of the requests.

Department heads had finalized their requests in early March, right before the COVID-19 crisis hit North Carolina. As we realized the impact of the crisis on our economy, I asked departments to cut their requests based on an imminent revenue shortfall. They provided over \$500,000 in cuts to reduce their requests to only essential needs. To keep the tax rate at 47 cents, I made an additional \$440,000 in reductions; however, I had to appropriate more fund balance than usual to balance the budget. As the budget committee evaluated these requests, none appeared to be completely unreasonable. I make this point only to call attention to the increasing tension of providing quality services and infrastructure to a rapidly growing city like Mebane. As we look forward, I am not convinced that the 47 cents tax rate is sustainable at the pace our population is growing. I often hear that growth pays for itself; however, one of the most significant items in our budget is personnel costs, and

the City's employee numbers are much lower in various departments than many similar-sized cities. While not included in my recommended budget, I believe an in-house study to determine expected employee needs over the next ten years is needed. An overall space needs study could include this workforce projection to identify new or expanded facility needs adequately.

BUDGET OVERVIEW – CORONAVIRUS CHALLENGE

The proposed spending plan for the General Fund amounts to \$22,365,300, a 5.5% increase over last year’s adopted budget. New items significantly increasing this budget include the MACC-Holt Street Park Greenway, a potential incentive payment to Lotus Bakeries, three Police vehicles, the street repaving and repair contract, a swap loader garbage/leaf truck and new brush truck, recycling contract increase, and a debt payment related to financing the new greenway. To offset these items, we cut budgets across the board in a variety of departments.

General Fund	2019 Actual	2020 Budget	2020 Estimated	2021 Recommended	Increase (Decrease)	% Change
Personnel.....	\$ 8,940,114	\$ 10,799,176	\$ 9,687,448	\$ 11,548,267	\$ 749,091	6.9%
Operating.....	5,117,767	4,056,051	4,161,055	4,602,902	546,851	13.5%
Capital Outlay.....	1,108,406	4,508,604	4,684,727	4,514,468	5,864	0.1%
Debt.....	<u>1,633,032</u>	<u>1,818,469</u>	<u>1,537,067</u>	<u>1,699,663</u>	<u>(118,806)</u>	(6.5%)
Total.....	<u>\$ 16,799,319</u>	<u>\$ 21,182,300</u>	<u>\$ 20,070,297</u>	<u>\$ 22,365,300</u>	<u>\$ 1,183,000</u>	5.6%

Personnel costs for 2021 are increasing over the 2020 budget by \$749,091 (6.9%). The significant items contributing to this increase include:

- Two new positions were approved in 2020 to keep up with the City's construction growth and protect against cybercrime. With hiring the new Planner and IT Specialist before the end of fiscal 2020, the budget includes salaries and benefits for a full year in 2021.
- For employee compensation, I am recommending a 2% COLA increase, but placing a one-year freeze on the merit pay plan.
- Increases in medical insurance rates of 5%, along with a rise in the retirement contribution rate of 6.1% were also significant contributors to increased benefits costs.

Operating expenditures reflect a 13.5% increase, including an increase in recycling fees, engineering fees, and funding for a city-wide space needs study (\$110,000). Responding to the current world situation and increased reliance on our online presence for everyday activities, we are proposing to upgrade the website, fund a more robust social media presence, and enhance security and stability with technology-related costs in various areas.

As just mentioned, capital outlay is mostly for Recreation projects, Public Works vehicles, and police patrol vehicles. We are proposing to continue the Cates Farm Park project that includes trails and an accessible playground. We are recommending additional funding for

the construction of a gravel road by our own forces and a bathroom/shelter facility beside the playground to provide access and convenience to those who visit the park. We are currently having the Lake Michael dam evaluated for decade-old concerns about its deterioration. Based on the expected results of the study, we are recommending the repair of the dam.

The financing of Recreation projects and the purchase of Public Works vehicles require new debt payments. This new debt nets with reductions in existing debt to reduce debt service costs by 6.5% and keep our debt level at a very moderate 8% of total expenditures.

DEPARTMENT BUDGETS

The following table lists the total budget for each department in the General Fund and compares the 2021 Recommended Budget to the 2020 Budget. The Increase (Decrease) column provides the change in dollar amount, while the % Change column provides the change relative to the size of each department's budget. For instance, the 2021 dollar increase over 2020 for Sanitation is \$465,969. The 37.3% change shows the relative growth of Sanitation's proposed 2021 budget as compared to its 2020 budget. Since the previous section highlighted the major budget items impacting the 2021 recommended budget, I will not re-plow that ground here. Appendix A provides detailed descriptions of each department's supporting revenues, recommended budget, and budget highlights.

General Fund	2019 Actual	2020 Budget	2020 Estimated	2021 Recommended	Increase (Decrease)	% Change
Council.....	\$ 78,580	\$ 82,660	\$ 81,830	83,539	\$ 879	1.1%
Administration.....	787,173	988,150	823,722	1,163,700	175,550	17.8%
Finance.....	509,614	588,020	518,628	604,386	16,366	2.8%
Information Technology...	195,867	288,260	287,496	409,775	121,515	42.2%
Economic Development...	310,836	984,250	727,075	1,021,800	37,550	3.8%
Police.....	4,311,918	4,046,370	4,224,979	4,350,405	304,035	7.5%
Fire.....	2,702,299	2,925,800	2,956,638	2,954,224	28,424	1.0%
Planning.....	307,475	448,790	388,705	561,664	112,874	25.2%
Inspections.....	365,211	581,000	427,515	618,705	37,705	6.5%
Engineering.....	271,547	350,000	434,100	430,500	80,500	23.0%
Public Works.....	1,590,223	2,560,250	3,072,566	2,644,613	84,363	3.3%
Public Facilities.....	633,902	784,880	820,610	806,593	21,713	2.8%
Sanitation.....	1,045,305	1,250,790	1,045,999	1,716,759	465,969	37.3%
Recreation & Parks.....	1,447,960	2,717,001	1,631,329	2,481,665	(235,336)	(8.7%)
Non-Departmental.....	2,241,409	2,586,079	2,574,412	2,516,972	(69,107)	(2.7%)
Total expenditures.....	<u>\$ 16,799,319</u>	<u>\$ 21,182,300</u>	<u>\$ 20,015,604</u>	<u>\$ 22,365,300</u>	<u>\$ 1,183,000</u>	5.6%

OUTSIDE AGENCIES

Outside agencies are a minor part of the budget appropriations; however, these agencies provide essential services for the citizens of Mebane.

- The Mebane Historical Museum has long been funded by the City to operate the

museum and keep a cultural record of the City’s history. The board requested a 2% increase this year for salary increases.

- The Alamance County Arts Council provides the City with several performances each year as well as public art sculptures. The Council requested the same amount as last year.
- The volunteer Train Group continues upgrading the Tommy Long Train Collection and has become a top-rated attraction. The Train Group requested a two-year budget for 2021 and 2022 of \$50,000 (\$25,000 each year) for the purchase, installation, and refurbishment of a retired caboose rail car to be located in a public park space for visitors and residents to have an up-close and personal inspection of one of rail transportation's key fixtures. While this is an idea that deserves more consideration in the future, with the current crisis, I am not recommending funding this year. No appropriation is recommended for the Train Group this year as the group has carryover funds that will last them into next year.
- The Alamance County Transportation Authority (ACTA) provides medical and human service transportation to Mebane residents. They offered a wealth of data supporting their request that shows increasing service provision to Mebane residents. ACTA did not request an increase this year.
- Finally, United Way provides 211 services to our citizens who have emergency needs for housing, food, utilities, mental health issues, and other household needs. The 211 service, which connects people with these needs to appropriate agencies for assistance, is being widely used during the coronavirus crisis. The agency requested \$5,000, of which I am recommending \$2,500.

Outside Agencies	2020 Budget	2021 Requested	2021 Recommended
Tommy Long Train Display.....	\$ 15,286	\$ 25,000	\$ -
Alamance County Arts Council.....	10,000	10,000	10,000
Alamance County Transportation Authority.....	6,500	6,500	6,500
Mebane Historical Museum.....	37,600	38,540	38,540
United Way	<u>1,000</u>	<u>5,000</u>	<u>2,500</u>
Total.....	<u>\$ 70,386</u>	<u>\$ 85,040</u>	<u>\$ 57,540</u>

THE UTILITY FUND

The Utility Fund is an enterprise fund designed to be a self-supporting operation that sells water and sewer services to the public for a fee. Utility operations are budgeted across three funds but combined for purposes of budget presentation. The three funds include the annual enterprise fund, capital fund, and capital reserve fund. The capital reserve fund accounts for the new system development fees instituted two years ago. The recommended budget (net of internal transfers) for FY 2021 is \$8,751,000, a 6.2% decrease over the 2020 budget.

REVENUES & OTHER FINANCING SOURCES

The Utility Funds’ primary sources of revenue include water and sewer sales, system

development fees, reconnection fees, and intergovernmental revenue. We expect moderate growth in system development fees and intergovernmental revenues. We are cautiously predicting water and sewer sales with a decrease not only from the crisis but the growing prevalence of high-efficiency toilets. With the housing market expected to cool down somewhat in 2021, adding fewer new customers than in 2020, we are unsure of the impact on the crisis for water usage from restaurants and other small businesses. Total revenues are estimated to grow by \$221,415 (3.2%) over this year. System development fees and intergovernmental revenues combined are providing \$357,855 in new revenue, offset by a decline of \$140,740 in sales. Appropriated fund balance totals \$1,522,815, a reduction of \$804,585 (34.6%) in the projected use of fund balance from last year .

Utility Fund (Combined)	2019 Actual	2020 Budget	2020 Estimated	2021 Projected	Increase (Decrease)	% Change
Revenues						
Sales and Services.....	\$ 5,882,712	\$ 6,160,520	\$ 5,898,180	\$ 6,019,780	\$ (140,740)	(2.3%)
Connection Fees.....	151,200	-	-	-	-	N/A
System Development Fees.....	633,826	480,000	850,000	650,000	170,000	35.4%
Intergovernmental.....	173,700	79,000	343,276	266,855	187,855	237.8%
Permits and Fees.....	102,463	122,250	77,560	71,550	(50,700)	(41.5%)
Investment Earnings.....	63,336	20,000	52,500	32,500	12,500	62.5%
Miscellaneous.....	128,414	145,000	172,749	187,500	42,500	29.3%
Total revenues.....	<u>7,135,651</u>	<u>7,006,770</u>	<u>7,394,265</u>	<u>7,228,185</u>	<u>221,415</u>	3.2%
Other financing sources						
Transfers in	-	-	-	-	-	N/A
Debt proceeds	-	-	-	-	-	N/A
Contributed Capital	-	-	-	-	-	N/A
Appropriated fund balance.....	-	2,327,400	1,121,773	1,522,815	(804,585)	(34.6%)
Total revenues & other financing sources.....	<u>\$ 7,135,651</u>	<u>\$ 9,334,170</u>	<u>\$ 8,516,038</u>	<u>\$ 8,751,000</u>	<u>\$ (583,170)</u>	(6.2%)

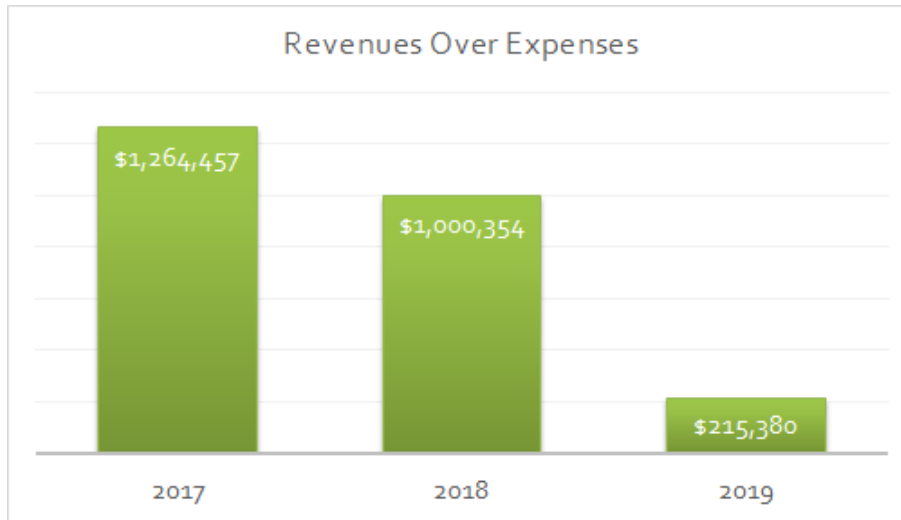
PROPOSED FEE INCREASE – DELAYED TO JANUARY 2021

Background

As you may recall, the City completed a Water and Sewer Rate Analysis in 2018 that suggested a 5-year graduated increase in rates to offset rising maintenance costs and anticipated infrastructure expansion costs associated with the Long-Range Utility Plan (LRUP). The City also completed a system development fee analysis to replace the previous water and sewer connection fees collected by the City, per state law requirements. The City implemented the system development fees and a 5% water and sewer rate increase in 2019. The following table provides the current rate structure:

In-City Use (Outside Rates x2)	Water	Sewer
2020	\$6.11	\$6.56

Even with that increase, the Utility Fund's excess revenues over expenses declined substantially as seen in the following chart.



On top of this, we did not implement the second year of the 5-year scheduled increase in water and sewer rates in the current budget year, 2020.

Water & Sewer Rate Analysis

During this past year, preliminary engineering reports of the cost of the Water Resource and Recovery Facility (WRRF) upgrade increased substantially. With the \$5.4 million first phase of the expansion set to begin in 2021, we decided to update the rate analysis completed in 2018.

The update used the same methodology as the 2018 study, which included (1) the costs of water production and distribution; (2) sewer collection and treatment; and (3) capital costs of the Long-Range Utility Plan. With the addition of the increased cost for the WRRF upgrade, the phased rate increases, coupled with the use of system development fees, should reset the Utility Fund's imbalance and start building needed reserves. The following table shows the 5-year proposed rate structure with a 2% increase in the water rate and an 8% increase in the sewer rate each year.

In-City Use (Outside Rates x2)	Water (2%/year)	Sewer (8%/year)
2021	\$6.23	\$7.08
2022	\$6.36	\$7.65
2023	\$6.48	\$8.26
2024	\$6.61	\$8.92
2025	\$6.75	\$9.64

Allowing for average annual capital costs, including major maintenance needs, additional

capacity, and known capital needs, results in a yearly sewer system deficit of over \$1.1 million and a Utility Fund deficit of almost \$750,000. These deficits highlight the need to consider both near-term and long-term remedies for this funding gap, especially as the City's customer base expands. The combination of this 5-year phased rate increase, along with improving operational efficiency, reducing water loss, and reducing inflow and infiltration, will reduce, if not eliminate, these existing funding shortfalls.

Proposed Rate Increase Delayed to January 2021

Given the difficult times we are facing, I am proposing to implement this rate increase on January 1, 2021. Hopefully, by then, we will be on the other side of this crisis or at least coming out of it. Delaying the rate increase allows us the flexibility of not implementing the rate increase in January if the times warrant against it. Amid this crisis, I have struggled with making this recommendation this year; however, we must start the WRRF upgrade, and delaying this decision any longer is not financially responsible.

EXPENDITURES & OTHER FINANCING USES

BUDGET OVERVIEW

The combined budget for the Utility Fund, including the Capital Fund and Capital Reserve Fund, is proposed at \$8,751,000, a 6.2% decrease from the 2020 budget.

Utility Fund (Combined)	2019 Actual	2020 Budget	2020 Estimated	2021 Recommended	Increase (Decrease)	% Change
Personnel.....	\$ 2,120,805	\$ 2,600,132	\$ 2,261,633	\$ 2,677,802	\$ 77,670	3.0%
Operations.....	3,690,040	3,110,188	3,183,623	3,198,502	88,314	2.8%
Capital.....	1,249,386	2,402,130	1,362,896	1,725,770	(676,360)	(28.2%)
Debt.....	856,675	1,221,720	855,386	1,148,926	(72,794)	(6.0%)
Total.....	\$ 7,916,906	\$ 9,334,170	\$ 7,663,538	\$ 8,751,000	\$ (583,170)	(6.2%)

Personnel costs are increasing by 3.0%, almost entirely due to the 2% cost of living adjustment and increases in group insurance and retirement rates. The budget also includes \$618,512 in administrative cost allocations for staff time spent on management, contract review, capital planning, purchasing, and accounting for utility projects and functions. The retirement contribution rates to N.C. Local Government Retirement System continues to increase to sustain the health of the statewide system, according to the State Treasurer. For group insurance benefits, we are proposing the same coverage levels as in 2020.

By delaying equipment purchases and holding the line on most line items, we held the increase in operations to 2.8%. The 2021 budget will continue to make progress on the meter replacement project, funding for NC119 relocations, and an increase in dewatering expense for the WRRF.

Capital expenditures recommended in the 2021 budget total \$1,725,770, including the reimbursement for oversizing various water and sewer infrastructure (\$175,000). Also, Mebane's 50% share in the Graham Water Treatment facility's capital improvements is \$125,000. The ongoing meter replacement project is progressing, and this budget

recommends \$440,600 to continue it. Most of the remaining capital outlay is for contingency funds to repair and maintain pump stations, water distribution lines, and the sewer collection system.

DEPARTMENT BUDGETS

The following table contains the recommended budget for each department in the Utility Fund compared to the two previous years. Since the last section highlighted the major budget items impacting the 2021 recommended budget, as with the General Fund, Appendix A provides detailed descriptions of each department's supporting revenues, recommended budget, and highlights of important items.

Utility Fund (Combined)	2019 Actual	2020 Budget	2020 Estimated	2021 Recommended	Increase (Decrease)	% Change
Administration.....	\$ 1,071,842	\$ 1,204,850	\$ 1,087,634	\$ 1,289,656	84,806	7.0%
Operations.....	3,013,139	4,807,520	3,729,196	3,992,735	(814,785)	(16.9%)
Engineering.....	209,758	195,000	224,675	230,000	35,000	17.9%
Water Resource Recovery.....	1,614,560	1,905,080	1,766,647	2,089,683	184,603	9.7%
Non-Departmental.....	2,007,607	1,221,720	855,386	1,148,926	(72,794)	(6.0%)
Total.....	<u>\$ 7,916,906</u>	<u>9,334,170</u>	<u>7,663,538</u>	<u>8,751,000</u>	<u>(583,170)</u>	<u>(6.2%)</u>

One expenditure item worth highlighting is the beginning of our expansion of the WRRF. The WRRF was last upgraded in 1993, so most of the equipment is over 25 years old. After more than two years in engineering and re-engineering studies, we finally received an official preliminary engineering report. As a result, we plan to begin Phases 1 and 3 of the project this year. Phase 1 will replace aging equipment, improve treatment processes (screening, nutrient removal, & residuals handling) as well as taking increased capacity from 2.5 million gallons per day (MGD) to 3.0 MGD. The Jordan Lake rules, though delayed again by the General Assembly, require treatment to certain nutrient levels. These improvements will improve operational efficiency and reduce objectionable odors occasionally emanating from the plant. Phase 3 includes additional improvements for the 3.0 MGD capacity increase. The Phase 3 requirements will be evaluated based on the outcome of Phase 1 improvements and may be altered based on success. For 2021, we are proposing a bank financing of \$5.6 million to pay for the construction of these phases over the next few years. Depending on the impact of the first phases, future improvements in 2023 and 2024 will total an additional \$6.1 million.

CONCLUSION

COUNCIL DELIBERATION REPORT

The coronavirus devastated our budget work sessions this year, so the staff was unable to collaborate like normal with you. With that in mind, I realize you may have changes you wish to propose as we allow the public to review this message for the statutorily required period leading up to the public hearing on June 1. With that in mind, Appendix B will enable you to see the important budget items requested this year, their cost, the cuts made, and a brief note of why I did or did not recommend it. I plan to provide this to you in its Excel spreadsheet

so you can determine the impact of different choices on the tax rate or fund balance appropriation.

FINAL THOUGHTS

The City continues to provide quality services for its citizens while not increasing its property tax rate. As noted, I do not believe our 47-cent rate can sustain the abundance of needs expressed by the department heads, as well as the many ideas discussed with staff that never even make it on to an agenda. The 2021-2025 Capital Improvement Plan (CIP), to be submitted in a separate report this year, shows the visionary plans of the department heads; however, outside of the CIP, many other ideas abound. To plan and implement them, we must determine which projects to pursue through public discussion and include them in the 5-year planning process. The City has accomplished great things in the last decade, and as we look to the next 10-year horizon, our population will be approaching, if not over, 30,000 people! This rate of growth demands continuous improvement in how we do business and can only improve with your vision leading the way. That combination, your leadership, and constant business improvement will create the community you want for the citizens – a Positively Charming one! This reminds me of the television series, Friday Night Lights, with its tagline "Clear eyes, full hearts, can't lose!" While that's probably from too much binge-watching during this 7-week quarantine, I would like to conclude with my own tagline!

Seek the good of the City,

David S. Cheek
City Manager

APPENDIX A: DEPARTMENT BUDGETS

GENERAL FUND

CITY COUNCIL

2021 Recommended Budget City Council

The City Council is the governing body of the City of Mebane, and consists of the mayor and five other councilmembers.

The City Council's budget includes a stipend for each member along with budget for supplies, dues and meeting expenses, with a slight increase in meeting and travel costs for 2021.

<u>Revenues</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>	<u>%</u>
	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
General Revenues...	\$ 78,580	\$ 82,660	\$ 82,660	\$ 81,830	\$ 83,539	1.1%
Totals.....	\$ 78,580	\$ 82,660	\$ 82,660	\$ 81,830	\$ 83,539	1.1%

<u>Expenditures</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2021</u>	<u>%</u>
	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Personnel.....	\$ 58,912	\$ 60,170	\$ 60,170	\$ 60,170	\$ 60,245	0.1%
Operating.....	19,668	22,490	22,490	21,660	23,294	3.6%
Capital.....	-	-	-	-	-	NA
Totals.....	\$ 78,580	\$ 82,660	\$ 82,660	\$ 81,830	\$ 83,539	1.1%

ADMINISTRATION

2021 Recommended Budget Administration

Administration includes the City Manager and Assistant Manager, City Clerk, City Attorney and Human Resources.

The personnel budget for Administration includes an allowance for a 2% COLA increase and an increase in the retirement contribution rate netted with an allocation (\$279,709) of administrative costs to the Utility Fund for the administrative staff's time spent on utility-related projects. The budget also includes an allowance for benefits payout. The operating budget includes continued funding for risk management, safety initiatives and employee benefits administration, along with \$25,000 for website upgrades. No capital outlay is requested.

	2019	2020	2020	2020	2021	%
Revenues	Actual	Budget	Revised Budget	Estimated	Manager	Change
General Revenues.....	\$ 787,173	\$ 988,150	\$ 988,150	\$ 823,722	\$ 1,163,700	17.8%
Totals.....	\$ 787,173	\$ 988,150	\$ 988,150	\$ 823,722	\$ 1,163,700	17.8%

	2019	2020	2020	2020	2021	%
Expenditures	Actual	Budget	Revised Budget	Estimated	Manager	Change
Personnel.....	\$ 625,532	\$ 821,354	\$ 821,354	\$ 670,829	\$ 976,410	18.9%
Operating.....	161,641	166,796	166,796	152,893	187,290	12.3%
Capital.....	-	-	-	-	-	N/A
Totals.....	\$ 787,173	\$ 988,150	\$ 988,150	\$ 823,722	\$ 1,163,700	17.8%

FINANCE

2021 Recommended Budget
Finance

The Finance Department consists of five employees responsible for all revenue collections and financial reporting for the City. One position is funded by the Utility Fund.

The 2021 budget includes an allowance for COLA and increases in Group Insurance and the Retirement rate, for a net increase of 5.1% in personnel. The operating budget continues contracting with Alamance and Orange Counties for tax collection (which increases as taxes increase) and various operating cuts to other line items for a net decrease of .2%. No capital is requested for 2021.

	2019	2020	2020	2020	2021	%
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
General Revenues...	\$ 509,614	\$ 588,020	\$ 588,020	\$ 518,628	\$ 604,386	2.8%
Totals.....	<u>\$ 509,614</u>	<u>\$ 588,020</u>	<u>\$ 588,020</u>	<u>\$ 518,628</u>	<u>\$ 604,386</u>	2.8%

	2019	2020	2020	2020	2021	%
<u>Expenditures</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Personnel.....	\$ 268,486	\$ 330,170	\$ 330,170	\$ 280,643	\$ 346,936	5.1%
Operating.....	217,803	257,850	257,850	237,985	257,450	(0.2%)
Capital.....	<u>23,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	N/A

INFORMATION TECHNOLOGY

2021 Recommended Budget Information Technology (IT)

The IT Department has two employees and is responsible for management and maintenance of the citywide network of servers, computers and peripherals.

In addition to increases for a COLA and retirement rate increase, the 2021 personnel budget includes a full year of the new IT Specialist position approved in the middle of 2020.

The operating budget for 2021 provides for the continuation of work to secure the city's growing network, including firewalls, backups and other disaster recovery measures, along with cybercrime measures and consolidating backup charges from other departments into the IT budget. As the number of users in the network increases, so do annual charges and backup fees. Planned purchases includes load balancing equipment to secure Police circuits (\$10,000) and software (\$9,000) to monitor the network and track devices.

	2019	2020	2020	2020	2021	
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>% Change</u>
General Revenues.....	\$ 195,867	\$ 288,260	\$ 288,260	\$ 287,496	\$ 409,775	42.2%
Totals.....	\$ 195,867	\$ 288,260	\$ 288,260	\$ 287,496	\$ 409,775	42.2%

	2019	2020	2020	2020	2021	
<u>Expenditures</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>% Change</u>
Personnel.....	\$ 68,261	\$ 112,430	\$ 112,430	\$ 117,172	\$ 172,861	53.7%
Operating.....	124,848	175,830	175,830	160,738	236,914	34.7%
Capital.....	2,758	-	-	9,586	-	N/A
Totals.....	\$ 195,867	\$ 288,260	\$ 288,260	\$ 287,496	\$ 409,775	42.2%

ECONOMIC DEVELOPMENT

2021 Recommended Budget Economic Development

The Economic Development division provides for the City's efforts to attract desirable new businesses, industries and jobs.

Incentive payments are triggered by request of companies when they successfully achieve the level of investment and jobs creation specified in their agreements with the City. Aided by revenue sharing with our partners Alamance County, Orange County and the City of Graham, the 2021 budget for Economic Development provides for the continuation of existing agreements like Cambro (\$135,000), Lidl (\$225,000) and Lotus (\$273,400). In addition this year, new incentive payments are anticipated for agreements signed with ABB (\$239,400), UPI (\$25,000) and Airgas (\$94,000) as they are expected to meet new incentive milestones.

	2019	2020	2020 Revised	2020	2021	%
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
General Revenues.....	\$112,243	\$ 702,250	\$ 687,297	\$596,908	\$ 891,800	27.0%
Grants/Intergov.....	<u>198,593</u>	<u>282,000</u>	<u>296,953</u>	<u>130,167</u>	<u>130,000</u>	N/A
Totals.....	<u>\$ 310,836</u>	<u>\$ 984,250</u>	<u>\$ 984,250</u>	<u>\$ 727,075</u>	<u>\$ 1,021,800</u>	3.8%

	2019	2020	2020 Revised	2020	2021	%
<u>Expenditures</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Personnel.....	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating.....	310,836	984,250	984,250	727,075	1,021,800	3.8%
Capital.....	-	-	-	-	-	N/A
Totals.....	<u>\$ 310,836</u>	<u>\$ 984,250</u>	<u>\$ 984,250</u>	<u>\$ 727,075</u>	<u>\$ 1,021,800</u>	3.8%

POLICE

2021 Recommended Budget

Police

The Police Department includes the Police Chief and sworn law enforcement officers who, along with their support staff, maintain the safety and peace of the community.

The Police budget for 2021 includes a 5.8% increase in personnel, including increases for a cost of living adjustment and an increase in group insurance and retirement rates. Also included are benefit payouts for potential retirements. Operating cost increases for vehicle maintenance and new software are partially offset by other reductions, as federal awards have provided for purchase of some equipment in recent years. The increase in capital costs is due to the purchase of 3 replacement vehicles compared to 2 in the previous budget year.

Revenues	2019	2020	2020	2020	2021	%
	Actual	Budget	Revised Budget	Estimated	Manager	Change
General Revenues.....	\$ 3,741,507	\$4,046,370	\$1,954,991	\$4,142,669	\$4,330,405	7.0%
Totals.....	<u>\$3,842,488</u>	<u>\$ 4,046,370</u>	<u>\$ 1,954,991</u>	<u>\$4,224,979</u>	<u>\$4,350,405</u>	7.5%

Expenditures	2019	2020	2020	2020	2021	%
	Actual	Budget	Revised Budget	Estimated	Manager	Change
Personnel.....	\$2,983,046	\$3,295,252	\$ 1,506,831	\$3,162,577	\$ 3,487,691	5.8%
Operating.....	601,455	644,180	395,190	806,954	684,190	6.2%
Capital.....	257,987	106,938	52,970	255,448	178,524	66.9%
Totals.....	<u>\$3,842,488</u>	<u>\$ 4,046,370</u>	<u>\$ 1,954,991</u>	<u>\$4,224,979</u>	<u>\$4,350,405</u>	7.5%

FIRE

2021 Recommended Budget

Fire

The Fire Department coordinates career and volunteer staff at three stations for providing suppression and life safety services to the City, including first responder services.

Personnel costs reflecting a 4.1% increase for 2021 include an allowance for cost of living increase and an increase in group insurance and retirement rates. An increase in operating expenses for Fire tower certification (\$12,500) nets with decreases in computer and pager replacement (-\$10,000) and other operating lines for an overall reduction of 2.4%. After the purchase of a brush truck and small equipment in 2020, no capital purchases are planned for 2021.

<u>Revenues</u>	<u>2019 Actual</u>	<u>2020</u>		<u>2020 Estimated</u>	<u>2021 Manager</u>	<u>% Change</u>
		<u>Budget</u>	<u>Revised Budget</u>			
General Revenues.....	\$ 2,175,047	\$ 2,407,575	\$ 2,407,575	\$ 2,357,559	\$ 2,444,039	1.5%
Grants/Intergov.....	57,180	44,000	44,000	44,000	44,000	0.0%
Permits/Inspections..	8,150	9,000	9,000	7,000	4,000	(55.6%)
Fire District Taxes.....	461,922	465,225	465,225	462,185	462,185	(0.7%)
Totals.....	<u>\$ 2,702,299</u>	<u>\$ 2,925,800</u>	<u>\$ 2,925,800</u>	<u>\$ 2,870,744</u>	<u>\$ 2,954,224</u>	1.0%

<u>Expenditures</u>	<u>2019 Actual</u>	<u>2020</u>		<u>2020 Estimated</u>	<u>2021 Manager</u>	<u>% Change</u>
		<u>Budget</u>	<u>Revised</u>			
Personnel.....	\$ 2,178,171	\$ 2,482,294	\$ 2,482,294	\$ 2,422,534	\$ 2,585,262	4.1%
Operating.....	461,758	378,006	378,006	384,210	368,962	(2.4%)
Capital.....	62,370	65,500	65,500	64,000	-	(100.0%)
Totals.....	<u>\$ 2,702,299</u>	<u>\$ 2,925,800</u>	<u>\$ 2,925,800</u>	<u>\$ 2,870,744</u>	<u>\$ 2,954,224</u>	1.0%

PLANNING

2021 Recommended Budget
Planning

The Planning Department provides long- and short-range planning and review, to provide for the orderly and safe growth of the City.

The Planning budget for 2021 reflects a full year of the new Planner position that was hired during 2020. In addition to a full year salary, the Personnel expenses also reflect a 2% cost of living increase, and an increase in group insurance and retirement rates. Operating increases in 2021 provide for upgrading the UDO and conducting traffic studies, and provide for continued participation in the Main Street Program. Our current UDO is 11 years old and needs to be updated accordingly per NC Statute NC S.L. 2019-111 & NC G.S. 160D.

	2019	2020	2020	2020	2021	%
Revenues	Actual	Budget	Revised Budget	Estimated	Manager	Change
General Revenues....	\$ 291,050	\$ 317,790	\$ 317,790	\$ 279,998	\$ 461,068	45.1%
Grants/Intergov.....	-	-	-	15,750	-	N/A
Permits & Fees.....	16,425	131,000	131,000	92,957	100,596	-23.2%
Totals.....	<u>\$ 307,475</u>	<u>\$ 448,790</u>	<u>\$ 448,790</u>	<u>\$ 388,705</u>	<u>\$ 561,664</u>	25.2%

	2019	2020	2020	2020	2021	%
Expenditures	Actual	Budget	Revised Budget	Estimated	Manager	Change
Personnel.....	\$ 232,707	\$ 271,510	\$ 271,510	\$ 232,021	\$ 356,466	31.3%
Operating.....	74,768	177,280	177,280	156,684	205,198	15.7%
Capital.....	-	-	-	-	-	N/A
Totals.....	<u>\$ 307,475</u>	<u>\$ 448,790</u>	<u>\$ 448,790</u>	<u>\$ 388,705</u>	<u>\$ 561,664</u>	25.2%

INSPECTIONS

2021 Recommended Budget Inspections

The Inspections Department provides permitting and code enforcement for safe growth of the City.

The Personnel budget for 2021 includes an increase for cost of living adjustment and rate increases for group insurance and retirement. During 2021 the Inspection Department will implement an online option for payment of permits and fees, and the operating budget includes an increase of \$20,000 for online fees and charges. The Capital budget for 2021 provides for the purchase of a replacement copier.

	2019	2020	2020	2020	2021	%
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
General Revenues...	\$ (170,450)	\$ 131,000	\$ 131,000	\$ (85,270)	\$ 66,893	(48.9%)
Permits & Fees.....	535,661	450,000	450,000	512,785	551,812	22.6%
Totals.....	<u>\$ 365,211</u>	<u>\$ 581,000</u>	<u>\$ 581,000</u>	<u>\$ 427,515</u>	<u>\$ 618,705</u>	6.5%

	2019	2020	2020	2020	2021	%
<u>Expenditures</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Personnel.....	\$ 336,374	\$ 541,326	\$ 541,326	\$ 406,630	\$ 554,761	2.5%
Operating.....	28,837	32,250	32,250	20,885	52,600	63.1%
Capital.....	-	7,424	7,424	-	11,344	52.8%
Totals.....	<u>\$ 365,211</u>	<u>\$ 581,000</u>	<u>\$ 581,000</u>	<u>\$ 427,515</u>	<u>\$ 618,705</u>	6.5%

ENGINEERING

2021 Recommended Budget
Engineering

The Engineering Department consolidates the costs of the General Fund's plan review, construction review, technical review and other engineering services required to provide for the orderly and safe growth of the City. The services include technical review, construction inspections, stormwater engineering, as well as our City Engineer's various services.

The 2020 budget was the first to combine construction review, plan review, technical review and miscellaneous engineering and professional services into a single department for the General Fund. Actual experience in 2020 is reflected in the increase in budgeted expenses for 2021. Engineering Fees for new development are expected to cover a large portion of this cost.

	2019	2020	2020	2020	2021	%
Revenues	Actual	Budget	Revised Budget	Estimated	Manager	Change
General Revenues.....	\$ (87,771)	\$ 135,000	\$ 135,000	\$ 321,971	\$ 310,601	130.1%
Grants/Intergov.....	-	-	-	-	-	N/A
Permits & Fees.....	359,318	215,000	215,000	112,129	119,899	(44.2%)
Totals.....	<u>\$ 271,547</u>	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 434,100</u>	<u>\$ 430,500</u>	23.0%

	2019	2020	2020	2020	2021	%
Expenditures	Actual	Budget	Revised Budget	Estimated	Manager	Change
Personnel.....	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating.....	271,547	350,000	350,000	434,100	430,500	23.0%
Capital.....	-	-	-	-	-	N/A
Totals.....	<u>\$ 271,547</u>	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 434,100</u>	<u>\$ 430,500</u>	23.0%

PUBLIC WORKS

2021 Recommended Budget

Public Works

The Public Works Department manages and maintains the City's streets, sidewalks, drainage systems and cemeteries, including infrastructure maintenance, landscaping and emergency/inclement weather response.

Funding sources for Public Works include Powell Bill funds and cemetery plot sales. Personnel expenses increase include the 2% cost of living increase and the increase in rates for group insurance and retirement. Operating expenses in 2021 include a \$25,000 increase in street maintenance, and funding for widening Foust Road (\$265,000) netted with reductions in other operating lines. Capital funding in 2021 includes continuation of the Jackson Street sidewalk project for \$205,000. The DOT's work on Corregidor Street continues and the related relocation of the fence at Public Works (\$70,000) has been extended until 2021.

	2019	2020	2020 Revised	2020	2021	%
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
General Revenues.....	\$ 1,205,788	\$ 2,188,315	\$ 3,459,344	\$ 2,691,232	\$ 2,259,613	3.3%
Grants/Intergov.....	351,935	351,935	351,935	360,334	365,000	3.7%
Permits & Fees.....	32,500	20,000	20,000	21,000	20,000	0.0%
Totals.....	<u>\$ 1,590,223</u>	<u>\$ 2,560,250</u>	<u>\$ 3,831,279</u>	<u>\$ 3,072,566</u>	<u>\$ 2,644,613</u>	3.3%

	2019	2020	2020 Revised	2020	2021	%
<u>Expenditures</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Personnel.....	\$ 575,576	\$ 883,180	\$ 883,180	\$ 679,830	\$ 897,873	1.7%
Operating.....	990,295	1,232,070	2,473,099	2,006,658	1,471,740	19.5%
Capital.....	24,352	445,000	475,000	386,078	275,000	(38.2%)
Totals.....	<u>\$ 1,590,223</u>	<u>\$ 2,560,250</u>	<u>\$ 3,831,279</u>	<u>\$ 3,072,566</u>	<u>\$ 2,644,613</u>	3.3%

PUBLIC FACILITIES

2021 Recommended Budget Public Facilities

The Public Facilities budget provides for citywide maintenance and upkeep of City property including the Mebane Library, City Hall, cemeteries, and the Veteran's Garden.

2021 personnel costs include an allowance for a COLA and increases in group insurance and retirement rates. The operating budget includes funding for a city-wide space needs study (\$110,000) which nets with a delay in the resumption of branding signage (-\$55,000) and library and fountain maintenance projects (-\$33,500) for a 4% increase in operating costs overall. With the purchase of the Ruffin Street parking lot complete in 2020, no capital is requested for 2021.

	2019	2020	2020	2020	2021	%
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
General Revenues.....	\$ 629,632	\$ 784,880	\$ 784,880	\$ 840,303	\$ 806,593	2.8%
Totals.....	<u>\$ 629,632</u>	<u>\$ 784,880</u>	<u>\$ 784,880</u>	<u>\$ 840,303</u>	<u>\$ 806,593</u>	2.8%

	2019	2020	2020	2020	2021	%
<u>Expenditures</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Personnel.....	\$ 281,755	\$ 357,800	\$ 357,800	\$ 305,842	\$ 362,293	1.3%
Operating.....	347,877	427,080	427,080	341,439	444,300	4.0%
Capital.....	-	-	-	193,022	-	N/A
Totals.....	<u>\$ 629,632</u>	<u>\$ 784,880</u>	<u>\$ 784,880</u>	<u>\$ 840,303</u>	<u>\$ 806,593</u>	2.8%

SANITATION

2021 Recommended Budget

Sanitation

The Sanitation division provides for weekly garbage, recycling and yard waste pickup for residents within the City.

The 2021 Sanitation budget provides for continuation of the same level of service as prior years. The nationwide increase in recycling cost that began last year continues, but we are not recommending a fee increase in light of the impact of COVID-19. Sanitation's personnel budget provides for a cost of living adjustment and increases in group insurance and retirement rates. The operating budget increase is largely due to the increase in recycling costs. The 2021 capital outlay includes a swap loader for \$270,000 and an additional brush truck for \$160,000. It's included in the Capital Outlay budget and not on this schedule. $\$1,286,759 + \$430,000 = \$1,716,759$.

	2019	2020	2020 Revised	2020	2021	%
Revenues	Actual	Budget	Budget	Estimated	Manager	Change
General Revenues....	\$ 671,083	\$ 787,690	\$ 787,690	\$ 571,413	\$ 811,759	3.1%
Totals.....	<u>\$1,045,305</u>	<u>\$1,250,790</u>	<u>\$ 1,250,790</u>	<u>\$1,045,999</u>	<u>\$1,286,759</u>	2.9%

	2019	2020	2020 Revised	2020	2021	%
Expenditures	Actual	Budget	Budget	Estimated	Manager	Change
Personnel.....	\$ 416,041	\$ 512,190	\$ 512,190	\$ 432,304	\$ 524,159	2.3%
Operating.....	629,264	711,600	711,600	601,710	762,600	7.2%
Capital.....	-	27,000	27,000	11,985	-	(100.0%)
Totals.....	<u>\$1,045,305</u>	<u>\$1,250,790</u>	<u>\$ 1,250,790</u>	<u>\$1,045,999</u>	<u>\$1,286,759</u>	2.9%

RECREATION & PARKS

2021 Recommended Budget Recreation

The Recreation Department provides cultural and recreational opportunities to the residents of the City, including programming and maintenance at the athletic parks, two recreation centers, Lake Michael, Cates Farm and pocket parks throughout the city. Sometime in 2021, we expect to have completed the MACC to Holt Street Greenway which will also be included in the department's programming.

The 2021 personnel budget includes the reclassification of two positions, additional part-time salaries, a cost of living increase and rate increases for group insurance and retirement. Operations include the continuation of social media efforts begun last year (\$20,000), maintenance projects for the MACC (\$12,000), facility landscaping (\$10,000), and a shade structure for the dog park (\$28,000). Capital expenses in the 2020 budget include the re-appropriation of the MACC to Holt-Street Greenway. The project will likely be bid in June 2020, awarded in July with financing secured shortly thereafter. Additional debt-funded capital expenses include Lake Michael dam repairs (\$350,000) and continued construction of Cates Farm park (\$375,000). The purchase of a grass tractor (\$38,000) is planned to allow for in-house maintenance of turf.

	2019	2020	2020	2020	2021	%
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
General Revenues.....	\$1,350,067	\$2,432,551	\$3,099,450	\$1,243,079	\$2,396,215	(1.5%)
Totals.....	\$1,447,960	\$2,717,001	\$3,383,900	\$1,631,329	\$2,481,665	(8.7%)

	2019	2020	2020	2020	2021	%
<u>Expenditures</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Personnel.....	\$ 830,179	\$ 880,860	\$ 886,310	\$ 746,657	\$ 928,541	5.4%
Operating.....	505,403	660,270	683,335	574,826	673,224	2.0%
Capital.....	112,378	1,175,871	1,814,255	309,846	879,900	(25.2%)
Totals.....	\$1,447,960	\$2,717,001	\$3,383,900	\$1,631,329	\$2,481,665	(8.7%)

NON-DEPARTMENTAL

2021 Recommended Budget
Non-Departmental

The Non-Departmental division includes general government expenditures that are not specific to any one functional area. Included in this department are group insurance contributions, outside agencies, property and liability insurance, unemployment insurance, debt payments (both principal and interest), and interfund transfers.

Personnel costs for Non-Departmental include retiree health and unemployment benefits, with the increase reflecting both rate changes and anticipated retirements in 2021. Continuing operating costs include allocations to nonprofits with slight increases in the allocation to United Way and the Mebane Historical Museum. New debt for the construction of parks projects increases debt payments by \$97,240, but netted with the payoff of the library renovation debt, along with declines in other payments yields a 6.5% decrease in debt service. These summaries are shown net of transfers between the General Fund and its Capital Fund. The transfer shown in 2020 to the Community Park Capital Project Fund is to complete that project.

	2019	2020	2020	2020	2021	%
Revenues	Actual	Budget	Revised Budget	Estimated	Manager	Change
General Revenues...	\$2,241,409	\$2,586,079	\$2,942,371	\$2,574,412	\$2,516,972	(2.7%)
Totals.....	<u>\$2,241,409</u>	<u>\$2,586,079</u>	<u>\$2,942,371</u>	<u>\$2,574,412</u>	<u>\$2,516,972</u>	(2.7%)

	2019	2020	2020	2020	2021	%
Expenditures	Actual	Budget	Revised Budget	Estimated	Manager	Change
Personnel.....	\$ 85,074	\$ 250,640	\$ 250,640	\$ 170,239	\$ 294,769	17.6%
Operating.....	523,303	516,970	516,970	510,814	522,540	1.1%
Debt Service.....	1,633,032	1,818,469	1,818,469	1,537,067	1,699,663	(6.5%)
Transfers.....	-	-	356,292	356,292	-	N/A
Totals.....	<u>\$2,241,409</u>	<u>\$2,586,079</u>	<u>\$2,942,371</u>	<u>\$2,574,412</u>	<u>\$2,516,972</u>	(2.7%)

UTILITY FUND

UTILITY ADMINISTRATION

2021 Recommended Budget

Utility Administration

The Utility Administration division includes billing and collections costs, the allocation of administrative costs from the General Fund and replacement and repair of new meters and the extension of other utility infrastructure.

The budget includes an allowance for performance increases and a continued allocation (\$618,512) of administrative costs to the Utility Fund for administrative staff's time spent on utility-related projects. Operating expenses are increasing with growing fees for credit cards and online services as more customers choose online services. The capital budget of \$255,370 provides for the purchase of new meters for establishing new service, estimated based on the pace of new development.

	2019	2020	2020	2020	2021	%
Revenues	Actual	Budget	Revised Budget	Estimated	Manager	Change
Utility Fees.....	\$ 1,071,842	\$ 1,204,850	\$ 1,204,850	\$ 1,087,634	\$ 1,289,656	7.0%
Totals.....	\$ 1,071,842	\$ 1,204,850	\$ 1,204,850	\$ 1,087,634	\$ 1,289,656	7.0%

	2019	2020	2020	2020	2021	%
Expenditures	Actual	Budget	Revised Budget	Estimated	Manager	Change
Personnel.....	\$ 652,033	\$ 839,440	\$ 839,440	\$ 686,501	\$ 861,386	2.6%
Operating.....	157,688	130,200	130,200	169,811	172,900	32.8%
Capital.....	262,121	235,210	235,210	231,322	255,370	8.6%
Totals.....	\$ 1,071,842	\$ 1,204,850	\$ 1,204,850	\$ 1,087,634	\$ 1,289,656	7.0%

UTILITY OPERATIONS & MAINTENANCE

2021 Recommended Budget

Utility Operations & Maintenance

Utility Operations and Maintenance monitors all pump stations and provides maintenance for the water and sewer systems, including installation of new service and coordinating with Finance for cutoffs for nonpayment.

The personnel budget for 2021 includes an allowance for cost of living increases and a rise in the City's retirement rate and group insurance rates. No new positions are included in 2021. The operations budget includes continuation of an allocation for NC-119 utility relocations and continuation of the meter replacement project. Due to budgetary restrictions, repair and maintenance allocations related to correcting inflow and infiltration issues had to be reduced, leading to a net reduction of 6.8%. Capital spending plans include the oversizing of utility infrastructure for several developments (\$175,000), but this is a reduction of \$75,000 compared to 2020. Also included in capital outlay is Mebane's 50% share of capital maintenance on the Graham Water Plant of \$125,000, as well as an allocation for ongoing capital maintenance of utility lines and lift stations.

	2019	2020	2020	2020	2021	%
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Utility Fees.....	\$ 3,013,139	\$4,807,520	\$4,807,520	\$3,729,196	\$ 3,992,735	(16.9%)
Totals.....	\$ 3,013,139	\$4,807,520	\$4,807,520	\$3,729,196	\$ 3,992,735	(16.9%)

	2019	2020	2020	2020	2021	%
<u>Expenditures</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Personnel.....	\$ 771,911	\$ 888,612	\$ 888,612	\$ 882,182	\$ 958,805	7.9%
Operating.....	1,324,465	1,933,988	1,933,988	1,887,858	1,794,030	(7.2%)
Capital.....	916,763	1,984,920	1,984,920	959,156	1,239,900	(37.5%)
Totals.....	\$ 3,013,139	\$4,807,520	\$4,807,520	\$3,729,196	\$ 3,992,735	(16.9%)

UTILITY ENGINEERING

2021 Recommended Budget

Utility Engineering

The Utility Engineering division consolidates the cost of the City Engineer for utility-related projects including design, review, testing and administrative functions like attending Council meetings.

With actual experience from 2020, a better estimate for consolidated engineering services required an increase in 2021. Technical review and construction inspection on development projects account for a majority of the engineering costs.

	2019	2020	2020	2020	2021	%
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
General Revenues....	\$ 209,758	\$ 195,000	\$ 195,000	\$ 224,675	\$ 230,000	17.9%
Totals.....	<u>\$ 209,758</u>	<u>\$ 195,000</u>	<u>\$ 195,000</u>	<u>\$ 224,675</u>	<u>\$ 230,000</u>	17.9%

	2019	2020	2020	2020	2021	%
<u>Expenditures</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Personnel.....	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating.....	209,758	195,000	195,000	224,675	230,000	17.9%
Capital.....	-	-	-	-	-	N/A
Totals.....	<u>\$ 209,758</u>	<u>\$ 195,000</u>	<u>\$ 195,000</u>	<u>\$ 224,675</u>	<u>\$ 230,000</u>	17.9%

WATER RESOURCE RECOVERY FACILITY (WRRF)

2021 Recommended Budget

Water Resources Recovery Facility (WRRF)

This division operates and maintains the WRRF in order to remove nutrients from the city's wastewater to return it to the environment.

The WRRF budget for 2021 includes an allowance for cost of living increases and an increase in the retirement system and group insurance rates for the City. Dewatering costs account for the majority of the operating cost increase (\$111,000), along with an allocation for valve actuators costing \$70,000 to help with flooding and eliminate emergency pumping. Capital costs for 2021 include shared costs for upgrades to Graham's Water Plant (\$125,000) along with the purchase of small equipment and a capital maintenance contingency. The WRRF Expansion & Upgrade is accounted for in a separate Capital Fund since it is to be debt funded and require more than one year to construct. Final design is expected to be complete in 2021 with the start of Phase 1 construction soon afterward.

	2019	2020	2020	2020	2021	%
<u>Revenues</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
General Revenues...	\$1,614,560	\$1,905,080	\$1,905,080	\$1,766,647	\$2,089,683	9.7%
Totals.....	<u>\$1,614,560</u>	<u>\$1,905,080</u>	<u>\$1,905,080</u>	<u>\$1,766,647</u>	<u>\$2,089,683</u>	9.7%

	2019	2020	2020	2020	2021	%
<u>Expenditures</u>	<u>Actual</u>	<u>Budget</u>	<u>Revised Budget</u>	<u>Estimated</u>	<u>Manager</u>	<u>Change</u>
Personnel.....	\$ 696,861	\$ 872,080	\$ 872,080	\$ 692,950	\$ 857,611	(1.7%)
Operating.....	847,197	851,000	851,000	901,279	1,001,572	17.7%
Capital.....	70,502	182,000	182,000	172,418	230,500	26.6%
Totals.....	<u>\$1,614,560</u>	<u>\$1,905,080</u>	<u>\$1,905,080</u>	<u>\$1,766,647</u>	<u>\$2,089,683</u>	9.7%

UTILITY NON-DEPARTMENTAL

2021 Recommended Budget

Utility Non-Departmental

The Non-Departmental division includes debt service, liability insurance and transfers.

The Non-Departmental budget for 2020 included transfers to fund the WRRF Upgrade Capital project design, and a transfer to the City Park Project to fund the utility lines extended to the site. Debt service on a proposed new loan for the WRRF upgrade project was anticipated but not completed in 2020, and is included in 2021. Declining debt based on payoff and debt structure results in a reduction of 6% in planned debt service overall.

	2019	2020	2020	2020	2021	%
Revenues	Actual	Budget	Revised Budget	Estimated	Manager	Change
Utility Revenues.....	\$1,150,932	\$ -	\$ -	\$ -	\$ -	N/A
Totals.....	<u>\$1,150,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A

	2019	2020	2020	2020	2021	%
Expenditures	Actual	Budget	Revised	Estimated	Manager	Change
Personnel.....	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
Operating.....	-	-	-	-	-	N/A
Debt Service.....	856,675	1,221,720	1,221,720	855,386	1,148,926	(6.0%)
Transfers.....	<u>1,150,932</u>	-	-	-	-	N/A
Total.....	<u>\$2,007,607</u>	<u>\$1,221,720</u>	<u>\$1,221,720</u>	<u>\$855,386</u>	<u>\$1,148,926</u>	(6.0%)

APPENDIX B – 2021 COUNCIL DELIBERATION REPORT

2021 Budget Significant Requests & Manager Recommendations

Department/Area	Item Description	2021 Request	Manager Cut	Manager Recommend	Notes
Adminsitration	PIO/Downtown Coordinator	\$ 116,999	\$ (86,999)	\$ 30,000	Funded ongoing contract instead of hiring new position
Adminsitration	Accounting Tech Position	57,575	(57,575)	-	No new positions
Adminsitration	Municode update	50,000	(50,000)	-	Deferred for 3rd year in a row
Adminsitration	HR Software	14,815	(14,815)	-	Deferred until new HR Director can evaluate Tyler, other apps.
Adminsitration	Industry appreciation event	10,878	(10,878)	-	Innaugural event in 2019 - do every other year
Adminsitration Total		250,267	(220,267)	30,000	
All Departments	Variety of budget lines cut	107,300	(102,300)	5,000	Line items evaluated based on prior years' spending
All Departments Total		107,300	(102,300)	5,000	
Debt	Debt service for PW Vehicles	102,340	-	102,340	Financing recommended due to low interest rates
Debt	Debt service for Parks projects	97,240	-	97,240	Continuing Cates Farm Project; financing due to low rates
Debt	Debt service Greenway - 1st pmt	72,100	-	72,100	Continuing MACC-Holt St. greenway
Debt Total		271,680	-	271,680	
Econ. Development	Incentives projected	121,850	(121,850)	-	Re-evaluated companies expected to request incentive payments
Econ. Development	NCCP Signage	45,000	(45,000)	-	Deferred for 3rd year in a row
Econ. Development	Miscellaneous	20,000	(10,000)	10,000	Reduced contingency funding in half
Econ. Development Total		186,850	(176,850)	10,000	
Fire	Six new positions	463,224	(463,224)	-	Deferred for 2nd year in a row
Fire	Hurst tools	21,357	(21,357)	-	Deferred to next year
Fire	PC & server replacements	14,000	(14,000)	-	Deferred to next year
Fire	Training tower certification	12,500	-	12,500	Required certification
Fire	Replace all pagers	12,045	(6,000)	6,045	Replace only half of pagers
Fire	Three Lieutenants reclassified	11,715	(11,715)	-	Deferred for 2nd year in a row
Fire Total		534,841	(516,296)	18,545	
Inspections	Replacement copier	11,344	-	11,344	Too many repairs; time to replace
Inspections Total		11,344	-	11,344	
Planning	Misc Plan Reviews, Updates	212,000	(81,800)	130,200	Preliminary 40% cut in UDO update assuming deadline extended
Planning	Main Street Program Fees	5,000	-	5,000	Required as part of the program
Planning Total		217,000	(81,800)	135,200	
Police	Five new positions	569,553	(569,553)	-	No new positions
Police	C-Comm, Pet Acoption Ctr.	204,043	(27,650)	176,393	Since Graham dropped C-Comm, County held fees level
Police	Three replacement vehicles	178,524	-	178,524	Determined to be essential replacements

Department/Area	Item Description	2021	Manager		Notes
		Request	Manager Cut	Recommend	
Police	Technology and software	55,786	-	55,786	Determined to be essential replacements & upgrades
Police	Vehicle repairs increase	25,000	-	25,000	Fleet maintenance & repair increase needed
Police	HVAC Replacement	11,400	(11,400)	-	Deferred until next year
Police	CALEA conference	7,000	(7,000)	-	Not essential
Police Total		1,051,306	(615,603)	435,703	
Public Facilities	Space needs study	125,000	-	125,000	Inspections, Fire and Police are all requesting space
Public Facilities	Wayfinding signs	75,000	(75,000)	-	Deferred until NC 119 is completed
Public Facilities	Public Art	40,000	(40,000)	-	Deferred until next year
Public Facilities	Interstate maintenance	32,000	-	32,000	Continue, especially as NC 119 bypass nears completion
Public Facilities	Fountain replacement	25,000	(25,000)	-	Deferred until next year
Public Facilities	Christmas decorations	24,000	(24,000)	-	Not essential
Public Facilities	Library paint	8,500	(8,500)	-	Deferred until next year
Public Facilities Total		329,500	(172,500)	157,000	
Public Works	Street repair & maintenance	600,000	-	600,000	Necessary repair & maintenance - new PCR nearing completion
Public Works	Foust Rd widening, repaving	265,000	-	265,000	Road is in very bad condition
Public Works	Sidewalk - Jackson St	205,000	-	205,000	Design almost complete; plan to do with own forces
Public Works	Fence and gate relocations	70,000	-	70,000	Corridor realignment expected to be complete
Public Works	Handicap ramps & crosswalks	70,000	-	70,000	Ongoing project to continue towards ADA compliance
Public Works	Equipment Operator III	62,527	(62,527)	-	No new positions
Public Works	Golf cart and new mower	19,000	(19,000)	-	Deferred until next year
Public Works	Cameras	12,000	(12,000)	-	Deferred until next year
Public Works Total		1,303,527	(93,527)	1,210,000	
Recreation	Holt St Greenway	1,003,770	-	1,003,770	Carried over from last year - design, permitting, easements -done
Recreation	Walker & Youth Lighting	459,000	(459,000)	-	Lights, poles & electrical need to be replaced - safety issue deferred
Recreation	Cates Farm Park	375,000	-	375,000	Continuation & expansion to accommodate playground access
Recreation	Lake Michael Dam Repair	350,000	-	350,000	Urgent need; evaluation initiated; been deferred for 10 years
Recreation	Lake Michael renovations	140,000	(140,000)	-	Deferred to later year in the CIP
Recreation	MACC Misc Repairs	97,400	(29,000)	68,400	MACC Cameras, chairs and dirt for ballfields - deferred
Recreation	Tennis court renovation	73,640	(73,640)	-	Deferred until later year
Recreation	Repave old Rec parking lot	50,000	(50,000)	-	Deferred until next year
Recreation	Shade - fitness ct., dog park	48,000	(20,000)	28,000	Deferred until next year
Recreation	Replacement van	42,500	(42,500)	-	Deferred until next year
Recreation	Grass tractor	38,000	-	38,000	Addition of new community park increased mowing needs

Department/Area	Item Description	2021 Request	Manager Cut	Manager Recommend	Notes
Recreation	Misc Small Equipment	22,999	(15,000)	7,999	Swings, miscellaneous equipment deferred
Recreation	Social Media	22,525	-	22,525	COVID-19 crisis has shown us the need to expand our efforts
Recreation	PIO Position contract	20,000	-	20,000	Since PIO no recommended, continue contracted PIO at 2/3
Recreation	Uniforms & equipment	15,000	-	15,000	Nice program improvement by new director
Recreation	Amphitheater Band Shell	5,000	(5,000)	-	Design & project delayed due to COVID-19 crisis
Recreation Total		2,762,834	(834,140)	1,928,694	
Salaries & Benefits	Cost of living adjustment	175,311	-	\$ 175,311	2% cost of living recommended
Salaries & Benefits	Merit Pay Plan	148,895	(148,895)	-	Cutting the merit pay in an effort to save funds, in light of crisis
Salaries & Benefits	Retirement System Rate Increase	102,893	-	102,893	Required by law
Salaries & Benefits Total		427,099	(148,895)	278,204	
Sanitation	Swap Loader Leaf Truck	270,000	-	270,000	3 leaf trucks were down at one point this year - needed
Sanitation	Vehicle maintenance	175,000	(40,000)	135,000	Reduced based on past usage
Sanitation	Brush Truck	160,000	-	160,000	Replacement truck needed
Sanitation	Recycling contract fee increase	85,000	-	85,000	Due to recycling crisis - increased per continuing contract
Sanitation Total		690,000	(40,000)	650,000	
Grand Total		\$ 8,143,548	\$ (3,002,178)	\$ 5,141,370	



2021-2025

Capital Improvement Plan

David S. Cheek

City Manager

May 4, 2020

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CAPITAL IMPROVEMENT PLAN

May 4, 2020

Mayor and City Councilmembers
City of Mebane, North Carolina

Dear Mayor and Councilmembers,

The Capital Improvement Plan (CIP) for 2021-2025 is a robust appraisal of the significant needs expressed by the City's department heads for the next five years. As highlighted in the budget message for 2021, the next five years will be pivotal in carrying out the vision of the City Council.

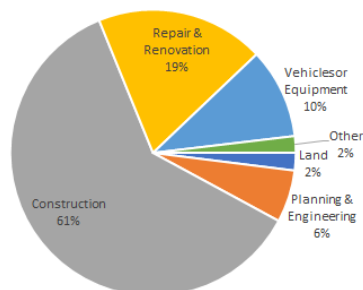
OVERVIEW

The plan identifies needs in the amount of \$81.0 million, with General Fund needs of \$49.8 million and Utility Fund needs of \$31.2 million. Over \$16.9 million of the projects will be funded by general fund revenues and utility fund revenues (21%). Most of the remaining \$62.8 million in projects will be funded by some sort of financing which might include a bond referendum or installment purchase agreements (bank loans). The total amount includes projects in progress as shown in the Pre-2021 column. As mentioned in the budget message, the City will be unable to fund these kinds of projected needs at the current tax rate.

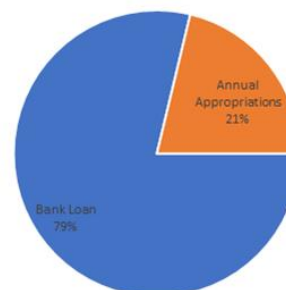
CAPITAL IMPROVEMENT PLAN General & Utility Fund Combined

FUND	PRE-2021	2021	2022	2023	2024	2025	TOTAL
General Fund	\$ 896,360	\$ 2,338,000	\$ 3,844,321	\$ 10,303,204	\$ 7,074,157	\$ 25,373,692	\$ 49,829,734
Utility Fund	2,278,709	9,595,981	3,525,000	3,092,000	9,077,500	3,637,500	31,206,690
TOTALS	\$ 3,175,069	\$ 11,933,981	\$ 7,369,321	\$ 13,395,204	\$ 16,151,657	\$ 29,011,192	\$ 81,036,424

Capital Improvement Plan Requests
\$81,036,424



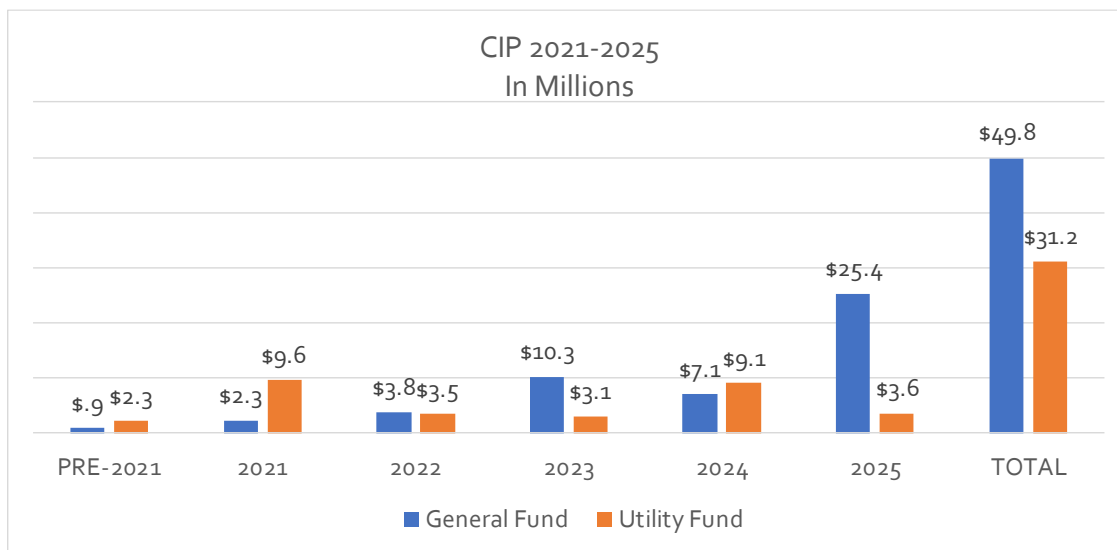
Capital Improvement Plan Funding Sources
\$81,036,424



The CIP for 2021-2025 is full of various projects with significant details to provide the reader with a basis for decision-making. Each department head completed a CIP Project Worksheet for any qualifying capital improvement. A capital improvement is defined as any expenditure for vehicles, equipment, buildings, infrastructure, land acquisition, plan or project in which the cost exceeds \$25,000 and the estimated useful life is greater than 1 year. This will also include repair and renovation projects that have a useful life of more than 1 year including street maintenance and repair, and utility maintenance and repair. Summary schedules of the total CIP for 2021-2025 are provided in Appendix A. Individual project sheets will be provided upon request to the Finance Department.

THE CIP AS A PLANNING TOOL

The 5-Year CIP is a planning tool designed to aid the City Council in building, acquiring and replacing the City’s capital assets. The plan is updated annually to ensure that it is based on the most accurate information available and is reflective of the current and projected economic environment. Adoption of the 5-Year CIP by the City Council does not constitute a commitment to fund an item. Rather, adoption signifies an intention to pursue the projects during the ensuing years. Especially for the requested facilities, the adoption of the CIP allows both the Council and staff to thoughtfully plan for the projects leading up to a planned year of design followed by construction, along with the appropriate financing. Over 72% or \$58.5 million of the CIP has been either deferred or is not planned until the last three years (2023-2025). The remaining needs (\$22.5 million) are coming up quickly, so plans for these projects need to be getting underway as soon as we see that we are coming out of the COVID-19 pandemic.



THE CURRENT YEAR OF THE CIP – 2021

CITY-WIDE SPACE NEEDS ASSESSMENT

As the City prepares for mounting growth, a police station (\$15.4 million) and two new fire stations (\$8.5 million) make their inaugural debut into the plan. The police station was requested for the current year, and the fire stations for 2023 and 2025. In addition, Planning and Inspections have been in dire need of space for the past two years, and are requesting a \$910,000 building

addition for the 2021 year. With the expected domino effect that occurs when constructing new facilities and freeing up old facilities, I am recommending a City-wide Space Needs Assessment this year for \$110,000. The last time the City did such an assessment was twenty years ago in 2000. The feasibility as well as the need for these significant projects can best be determined by this type of study. I recommend the study forecast a 10-year horizon and provide the following at a minimum:

1. Identify and assess current space occupied by City departments and agencies (including the Train Group and the Mebane Historical Museum).
2. Identify and assess each department's or agency's current space, current space needs, and identified space deficits.
3. Project future space needs based on assessing population projections and determining employee needs by department.
4. Prioritize needs based on (1) the identified space deficit; (2) the greatest need; and (3) functionality, responsibilities assigned, and efficiency of operations.
5. Recommend a 10-year plan of action based on these priorities.
6. Estimate the probable costs of the study's recommendations.

I recommend the study begin as soon as feasible considering the challenges with the COVID-19 crisis. In the meantime, for the immediate needs of Planning and Inspections, we plan to share space in City Hall to provided needed filing, storage and office space.

PROPOSED NEW CIP FISCAL POLICY

The City currently has no fiscal policy as relates to the CIP. This year we are recommending the following policies be adopted by the City Council in order to guide and direct a more thorough planning process alongside each year's budget:

- The City will prioritize all capital improvements in accordance with an adopted Capital Improvement Plan (CIP).
- The City will develop a five-year plan for capital improvements and review capital improvements and update annually.
- The City will coordinate development of the capital improvements program with development of the operating budget.
- The City will maintain all its assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
- The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted for approval.
- The City will attempt to determine the least costly and most flexible method for all new projects.

NEW PROJECT PRIORITIZATION SYSTEM

As you begin to review this document, please remember that needs over the next five years and beyond are identified. After year one, it becomes more difficult to project reliable costs, which is why we update the plan annually. This year, we began ranking projects based on a

prioritization system. The department heads and I worked together to rank each project; however, it is important to note the Board has final authority in the rankings of the projects. Again, no projects were eliminated during the process, only deferred. As the City practices this prioritization in the coming years, the CIP will take on a more important role in the annual budget process.

The priority system includes a matrix as shown below. This system was developed to assist in the setting of priorities for capital expenditures because not all requests can be funded in any given year due to budgetary constraints.

PRIORITIZATION MATRIX		Priority		
		High	Medium	Low
Criteria	1	Level A		
	2		Level B	
	3			Level C
	4			

The matrix contains a measure of priority on the horizontal axis and a determination of criteria category on the vertical axis. Priorities of the capital projects are measured as high, medium or low as follows:

HIGH	MEDIUM	LOW
<ul style="list-style-type: none"> •Project mandated by local, state, or federal regulations, or •Project is a high priority of the City Council, or •Project substantially reduces losses or increases revenues. 	<ul style="list-style-type: none"> •Project maintains existing service levels, or •Project results in better efficiency or service delivery, or •Project reduces operational costs, or •Project improves work force morale. 	<ul style="list-style-type: none"> •Project is not mandated, or •Project improves service levels, or •Project improves quality of life.

CRITERIA CATEGORIES

Each project is determined to fall into one of these criteria categories:

- 1 Health/Safety/Welfare** – projects that protect the health, safety and welfare of the community and the employees serving it.
- 2 Maintenance/Replacement** – projects that provide for the maintenance of existing systems and equipment.
- 3 Expansion of Existing Programs** – projects which enhance the existing systems and programs allowing for expansion of existing services.
- 4 Expansion of New Programs** – projects that allow for expansion into new programs and services.

LEVEL OF FUNDING

The grid is further divided into levels to determine consideration for funding as noted in each of the shaded areas above.

Level A – highest consideration for funding,
Level B – moderate consideration, and
Level C – least consideration for funding resources.

These levels of funding can be considered as part of the decision to fund a project. For instance, let's say Project A is mandated by local, state, or federal regulations (Priority = H), and provides for the maintenance of existing systems and equipment (Criteria = 2), then it receives a moderate consideration for funding (Level of Funding = B). On the other hand, Project B allows for the expansion of services (Criteria = 3), but is not mandated (Priority = L), would receive a low consideration for funding (Level of Fund = C). Of course, this priority ranking is always subject to the Council's willingness to fund based on current economic conditions and barring any funding constraints. In addition, some projects will not neatly fall into these categories. Many factors go into the final decision to fund a project, and this is only one mechanism to assist in guiding that decision.

MANAGER RECOMMENDATION – 2021

For the first year of this plan (2021), the funding requests submitted by department heads total \$29.2 million, including \$19.6 million in needs for the General Fund and \$9.6 million in Utility Fund requests. Included in my 2021 recommended budget is \$9.1 million of these requested needs.

GENERAL FUND

I am recommending \$2.3 million of the General Fund needs and all the Utility Fund requests be pursued during 2021. With my current year recommendations, I am not eliminating any projects,

but only deferring them into the next four years of the plan. The following General Fund table shows each department's request for funding in 2021, my recommendation, as well as the status or reason for my recommendation. It is evident that we are deferring many needs due to fiscal constraints that center not only around the current global pandemic, but also around our current tax rate.

GENERAL FUND
2021 RECOMMENDED CIP BUDGET

PROJECT TITLE	PRIORITY	TYPE	DEPARTMENT REQUEST	MANAGER RECOMMENDED	STATUS/REASON
POLICE					
Police Facility	H	1,2	\$ 15,400,000	\$ -	Deferred to 2025 pending City-wide Space Study
POLICE TOTAL			15,400,000	-	
FIRE					
Classroom at Training Tower	H	3	\$ 275,000	\$ -	Deferred to 2023 due to fiscal constraints
New Station 4	H	3	500,000	-	Deferred to 2024 pending City-wide Space Study
FIRE TOTAL			775,000	-	
PLANNING					
New/Expanded Building	M	3	\$ 80,000	\$ -	Deferred to 2023 pending City-wide Space Study
Jackson & S. 2nd SW Improve.	H	1	205,000	205,000	BPAC high priority, minimal design, city forces constructing
Crawford St. Sidewalk	H	1	20,000	-	Deferred to 2022 due to fiscal constraints
Third-Fifth St. Connector	H	1	20,000	-	Deferred to 2022 due to fiscal constraints
PLANNING TOTAL			325,000	205,000	
PUBLIC WORKS					
Street - Utility Truck	H	4	\$ 120,000	\$ -	Deferred to 2022 due to fiscal constraints
Street Resurfacing	H	1	600,000	600,000	Need to maintain ongoing 10-year resurfacing program
Foust Road Widening	H	1	265,000	265,000	Safety issues; very poor condition
PUBLIC WORKS TOTAL			985,000	865,000	
SANITATION					
Swaploader/ Leaf Truck	H	4	\$ 270,000	\$ 270,000	3 leaf trucks down at one point this year; flexible as dump truck
Brush Truck	H	3	160,000	160,000	Improve service to citizens during the Fall
SANITATION TOTAL			430,000	430,000	
RECREATION & PARKS					
Lake Michael Dam Repairs	H	1	\$ 350,000	\$ 350,000	Has been deferred too long & potential safety issue
L. Michael Deck Renov.	H	1	140,000	-	Deferred to 2022 due to fiscal constraints
Lighting - Walker & Youth	H	1	459,000	-	Deferred to 2022 due to fiscal constraints
Comm. Park Lighting	H	1	166,000	-	Deferred to 2022 due to fiscal constraints
Cates Farm Park	H	4	375,000	375,000	Trails begun; Impact Alamance Grant received; began 2 years ago
Repurpose Tennis Courts	M	2	73,640	-	Deferred to 2022 due to fiscal constraints
Re-Pave Old Rec/MACC Lots	M	2	50,000	-	Deferred to 2023 due to fiscal constraints
Grass Maint. Tractor	M	2	38,000	38,000	Needed for addition of Cates Farm & Community Parks
Outdoor Basketball Court	L	1	5,000	-	Deferred to 2023 due to fiscal constraints
Comm Park Amphitheater	M	3	5,000	-	Deferred to 2023 due to fiscal constraints
MACC Renovations & Pool	M	4	25,000	-	Deferred to 2023 pending City-wide Space Study
RECREATION & PARKS TOTAL			1,686,640	763,000	
GENERAL FUND TOTAL			\$ 19,601,640	\$ 2,263,000	
FUNDING SOURCES			FUNDING SOURCE	FUNDING SOURCE	
Annual Appropriations			\$ 1,944,140	\$ 1,405,500	
Grants			50,000	50,000	
Other			2,500	2,500	
Bank Loan			17,605,000	805,000	
TOTAL FUNDING SOURCES			\$ 19,601,640	\$ 2,263,000	

UTILITY FUND

Of the \$9.6 million in department requests for the Utility Fund, I am recommending \$6.9 million.

UTILITY FUND 2021 RECOMMENDED CIP BUDGET

PROJECT TITLE	PRIORITY	TYPE	DEPARTMENT		MANAGER	STATUS/REASON
			REQUEST	RECOMMENDED		
WRRF						
Valve Actuators - 2 Filter Cells	H	1	\$ 70,000	\$ 70,000		Safety and efficiency upgrade
WRRF Upgrade - Phases 1 & 3	H	3	5,610,000	5,610,000		Design complete by Dec 2020; bid Spring 2021
Capital Maintenance - WRRF	M	2	100,000	100,000		Contingency requirement, some needed repairs
WRRF TOTAL			5,780,000	5,780,000		
UTILITIES						
Water R & M	H	1	\$ 160,000	\$ 100,000		Budget constraints require reduction
Sewer R & M	H	1	160,000	100,000		Budget constraints require reduction
Pump Station R & M	H	1	170,000	100,000		Budget constraints require reduction
Meter Changeout Project	H	2	500,000	500,000		Ongoing project nearing completion by 2021-22
Mebane Oaks Utility Reloc.	H	2	56,250	56,250		Required with new signal at Hillsborough intersection
NC 119 Utility Relocations	H	2	47,331	47,331		Required with construction of NC119 Bypass
Oversize Reimbursements	H	3	250,000	175,000		Budget constraints require reduction
Arbor Creek Outfall	H	3	500,000	-		Deferred to 2022 - possibly design in 2021
Inflow and Infiltration	H	3	1,700,000	-		Budget constraints require reduction
Pickup Truck Replacements	M	2	122,400	-		Budget constraints require reduction
Water Line Replacements	M	3	150,000	-		Budget constraints require reduction
UTILITIES TOTAL			3,815,981	1,078,581		
UTILITY FUND TOTAL			\$ 9,595,981	\$ 6,858,581		

WRRF UPGRADE & EXPANSION

With the WRRF's last upgrade in 1993, most of the equipment is over 25 years old. We continue to modernize equipment in the facility, but the main highlight is the continuation of our expansion of the WRRF. Phase 2 was completed in 2019 and included the extension of the floodwall for \$750,000. After more than two years in engineering and re-engineering studies, we received the final addendum to the official preliminary engineering report. As a result, we plan to begin Phases 1 and 3 this year. Phase 1 will replace aging equipment, improve treatment processes (screening, nutrient removal, & residuals handling) as well as increasing capacity from 2.5 million gallons per day (MGD) to 3.0 MGD. Though delayed again by the General Assembly, the Jordan Lake rules will eventually be passed and require treatment to required nutrient levels. These improvements will address these rules and improve operational efficiency and reduce objectionable odors occasionally emanating from the plant. Phase 3 includes additional enhancements to the 3.0 MGD capacity increase. The Phase 3 requirements will be evaluated based on the outcome of Phase 1 improvements and may be altered based on success. For 2021, we are proposing a bank financing of \$5.6 million to pay for the construction of these phases over the next few years. Depending on the impact of the first phases, future improvements in 2023 and 2024 could total an additional \$6.1 million.

GRAHAM WRRF PARTNERSHIP AGREEMENT

The City of Graham is also considering an upgrade to their WRRF. While it does not impact

the budget this year, our partnership with the City of Graham on their WRRF began in 2017 when we agreed to purchase almost 22% of their WRRF capacity. Not included in the Utility CIP are potential payments to Graham for future capacity at their WRRF. Graham is where Mebane was one year ago in planning an upgrade and flow expansion to their WRRF, likely to occur in the next two years. This may be an opportunity for Mebane as it would cost less to send sewer to Graham from the southwestern side of the City instead of pumping it to our WRRF. Our agreement with Graham allows treatment of up to 750,000 gallons per day (GPD) of sewer. Staff believes it is in Mebane's best interest to approach Graham about increasing the treatment capacity by 500,000 GPD. As part of their planning process, staff has requested cost estimates for a possible increase in our level of participation. Any increase in the treatment capacity will require an amendment to our partnership agreement.

CONCLUSION

The CIP is a solid plan and has been prepared with the goals of the City Council in mind. Mebane is growing and must plan for more residents, industries, and commercial businesses in a quickly arriving future! By careful planning and thoughtful investment, a bigger Mebane can be a more positively charming Mebane as well!

Seek the good of the City!

David S. Cheek

David S. Cheek
City Manager

APPENDIX A

GENERAL FUND SUMMARY

GENERAL FUND CIP SUMMARY

DEPARTMENT CIP PROJECTS	PRE-2021	2021	2022	2023	2024	2025	TOTAL
Police	\$ -	\$ -	\$ 58,800	\$ 1,000,000	\$ 1,500,000	\$ 12,900,000	\$ 15,458,800
Fire	-	-	800,700	1,150,000	3,500,000	7,800,000	13,250,700
Planning	75,000	245,000	655,068	1,545,704	1,067,657	1,093,692	4,682,121
Public Works	550,000	865,000	745,000	980,000	675,000	700,000	4,515,000
Sanitation	-	430,000	205,000	202,500	208,500	880,000	1,926,000
Recreation & Parks	271,360	798,000	1,379,753	5,425,000	123,000	2,000,000	9,997,113
TOTALS	\$ 896,360	\$ 2,338,000	\$ 3,844,321	\$ 10,303,204	\$ 7,074,157	\$ 25,373,692	\$ 49,829,734

CAPITAL COST BREAKDOWN	PRE-2021	2021	2022	2023	2024	2025	TOTAL
Land	\$ -	\$ -	\$ 200,000	\$ 1,000,000	\$ -	\$ 200,000	\$ 1,400,000
Planning & Engineering	75,000	40,000	138,568	653,593	1,566,657	300,000	2,773,818
Construction	271,360	580,000	1,761,253	6,372,111	4,624,000	19,093,692	32,702,416
Repair & Renovation	550,000	1,215,000	945,000	1,450,000	875,000	1,400,000	6,435,000
Vehicles or Equipment	-	503,000	748,800	777,500	8,500	3,480,000	5,517,800
Other	-	-	50,700	50,000	-	900,000	1,000,700
TOTALS	\$ 896,360	\$ 2,338,000	\$ 3,844,321	\$ 10,303,204	\$ 7,074,157	\$ 25,373,692	\$ 49,829,734

FUNDING SOURCES	PRE-2021	2021	2022	2023	2024	2025	TOTAL
Grants	\$ 250,000	\$ -	\$ 50,000	\$ 500,000	\$ -	\$ 500,000	\$ 1,300,000
Bank Loan	-	825,000	2,182,181	7,908,204	6,267,657	22,673,692	39,856,734
Bonds	-	-	-	-	-	-	-
Annual Appropriations	646,360	1,513,000	1,609,640	1,845,000	806,500	2,200,000	8,620,500
Private Development	-	-	-	-	-	-	-
Other	-	-	2,500	50,000	-	-	52,500
TOTALS	\$ 896,360	\$ 2,338,000	\$ 3,844,321	\$ 10,303,204	\$ 7,074,157	\$ 25,373,692	\$ 49,829,734

UTILITY FUND SUMMARY

UTILITY FUND CIP SUMMARY

DEPARTMENT CIP PROJECTS	PRE-2021	2021	2022	2023	2024	2025	TOTAL
WRRF	\$ 742,000	\$ 5,780,000	\$ 850,000	\$ 739,000	\$ 5,560,000	\$ 100,000	\$ 13,771,000
Utilities	1,536,709	3,815,981	2,675,000	2,353,000	3,517,500	3,537,500	17,435,690
TOTALS	\$ 2,278,709	\$ 9,595,981	\$ 3,525,000	\$ 3,092,000	\$ 9,077,500	\$ 3,637,500	\$ 31,206,690

CAPITAL COST BREAKDOWN	PRE-2021	2021	2022	2023	2024	2025	TOTAL
Land	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ 200,000
Planning & Engineering	650,891	154,500	139,500	775,000	187,500	100,000	2,007,391
Construction	149,827	6,324,081	920,500	104,000	7,360,000	1,837,500	16,695,908
Repair & Renovation	190,000	2,240,000	2,030,000	1,870,000	1,460,000	1,250,000	9,040,000
Vehicles or Equipment	1,012,674	627,400	435,000	143,000	70,000	450,000	2,738,074
Other	275,317	250,000	-	-	-	-	525,317
TOTALS	\$ 2,278,709	\$ 9,595,981	\$ 3,525,000	\$ 3,092,000	\$ 9,077,500	\$ 3,637,500	\$ 31,206,690

FUNDING SOURCES	PRE-2021	2021	2022	2023	2024	2025	TOTAL
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Loan	-	7,810,000	2,200,000	2,156,000	8,297,500	2,437,500	22,901,000
Bonds	-	-	-	-	-	-	-
Annual Appropriations	2,278,709	1,785,981	1,325,000	936,000	780,000	1,200,000	8,305,690
Private Development	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTALS	\$ 2,278,709	\$ 9,595,981	\$ 3,525,000	\$ 3,092,000	\$ 9,077,500	\$ 3,637,500	\$ 31,206,690

Mebane Fire Dept. Monthly Report

	February	Year to Date	% Change from 2019
Structural Response			
Totals	15	39	-19%
Average Personnel Per Response	12	12	
Average Volunteer Response	4	3	
Non Structural Responses			
Totals	57	103	11%
Total Fire Response	72	142	1%
Location (Year to Date)	North	South	
Total Number/Percentage	72/51%	70/49%	
Average Fire Response Time	5:02	6:29	
Percentage of Calls Inside City	54%	58%	
Percentage of Calls Outside City	35%	31%	
Percentage of Calls for Mutual Aid	11%	11%	
EMT Response	175	312	-5%
Location (Year to Date)	North	South	
Total Number/ Percentage	147/47%	165/53%	
CPS Seats Checked	24	55	
Seats Distributed	0	0	
Smoke Alarms Checked/Installed	1	8	
Station Tours/Programs	2	4	
# of Participants	40	80	
Events Conducted/Attended	1	2	

Mebane Fire Dept. Monthly Report

	March	Year to Date	% Change from 2019
Structural Response			
Totals	15	54	1%
Average Personnel Per Response	12	12	
Average Volunteer Response	4	4	
Non Structural Responses			
Totals	62	165	11%
Total Fire Response	77	219	9%
Location (Year to Date)	North	South	
Total Number/Percentage	113/52%	106/48%	
	North	South	
Average Fire Response Time	5:28	6:19	
Percentage of Calls Inside City	41%	53%	
Percentage of Calls Outside City	38%	33%	
Percentage of Calls for Mutual Aid	21%	13%	
EMT Response	124	436	-10%
Location (Year to Date)	North	South	
Total Number/ Percentage	215/49%	221/51%	
CPS Seats Checked	12	67	
Seats Distributed	0	0	
Smoke Alarms Checked/Installed	3	11	
Station Tours/Programs	0	4	
# of Participants	0	80	
Events Conducted/Attended	1	3	