



The Mebane City Council met for a Special Meeting at 1:30 p.m. on Thursday, April 17, 2023 in the back conference area of the Glendel Stephenson Municipal Building located at 106 E. Washington Street for the purpose of a budget work session.

Councilmembers Present:

Mayor Ed Hooks
Mayor Pro-Tem Tim Bradley
Councilmember Katie Burkholder
Councilmember Sean Ewing
Councilmember Montrena Hadley
Councilmember Jonathan White

Also Present:

Chris Rollins, City Manager
Preston Mitchell, Assistant City Manager
Lawson Brown, City Attorney
Daphna Schwartz, Finance Director
Stephanie Shaw, City Clerk

This meeting was live streamed on YouTube: <https://www.youtube.com/watch?v=W3dLDRRim4k>

Mayor Hooks called the meeting to order at 1:30pm. Mr. Rollins gave opening remarks and then began the budget presentation via the attached PowerPoint, speaking to the current economic factors; specifically, inflation, supply chain issues, Federal funding/small pool of contractors and rising cost of borrowing money.

Ms. Schwartz gave an overview of the General Fund slides beginning with a summary of the departmental requests and capital improvement requests.

There was considerable discussion between staff and Council regarding the revenue neutral calculations and tax impact.

Ms. Schwartz continued the presentation over viewing slides regarding the revenue neutral estimates and bridging the (budget) gap, highlighting several capital projects that are currently not shown in the budget. Mr. Rollins added that staff will be working to bring the gap together; there will be a need to budget some fund balance as has been done for decades and it is possible that a little more may be needed from the tax rate, over revenue neutral. He spoke about the many capital projects that are needed, including the additional parking lot at the new Community Park and a new roof on the Mebane Arts & Community Center building.

Mr. Mitchell overviewed the Utility Fund slides beginning with a summary of the departmental requests and capital improvement requests. He continued with an overview of the revenue estimates and proposed rate increases for water and sewer fees. Additionally, he shared a water and sewer rates comparison graph which included rates from surrounding municipalities.

There was considerable discussion among Council and staff regarding the water and sewer rates and the proposed rate increase.

Mr. Mitchell continued the presentation over viewing the slide regarding the Capital Reserve Fund. Mr. Rollins gave an explanation about System Development Fees.

Ms. Swartz gave an overview of the slide for General Fund Capital Project Ordinances currently in existence, the Cates Farm Park and the Lake Michael Dam Spillway. Additionally, she over viewed the slide for Utility Fund Capital Project Ordinances, the Water Resource Recovery Facility (WRRF) renovation and the WRRF expansion, the Elevated Water Storage Tank and the GKN Pump Station Re-Route.

There was discussion among staff and Council regarding the funding and timeline for the WRRF renovations and expansion and the elevated water storage tank.

Mr. Rollins stated that the next steps would be staff balancing the budget, making the hard decisions about what will be cut and what will be left in and keeping the tax and utility services rates as low as possible. The City Manager's recommended budget will be presented at the May 1st Council meeting with the budget public hearing to be set for the June 5th Council meeting for the adoption of the Budget Ordinance.

No formal action was taken. There being no further business, the meeting was adjourned at 3:13 p.m.

ATTEST:

Stephanie W. Shaw

Ed Hooks, Mayor



Budget Work Session

APRIL 17, 2023



Economic Factors

- Inflation – 12-month percentage change from February 2022 to February 2023 is 6.4% for the South Atlantic Region.
- Supply chain issues
- Federal funding/small pool of contractors
- Rising cost of borrowing



General Fund Budget Summary

FY23-24



Summary of Department Requests

FY23-24 Department Requests

Department	FY23-24 Requests
Council	\$ 71,870.00
Administration	1,445,195
Finance	784,186
IT	1,688,832
Economic Development	920,214
Police	7,148,304
Fire	6,308,929
Planning	579,036
Inspections	997,544
Engineering	460,000
Public Works	3,770,105
Public Facilities	1,321,819
Sanitation	2,912,463
Recreation	3,811,134
Non-Departmental	2,985,464
Total Requests	\$ 35,205,095

Previous Adopted Budgets (including Fund Balance Appropriation)

FY23-23 \$28,276,326 (\$2.2M)

FY21-22 \$25,445,340 (\$1.9M)

FY20-21 \$22,015,000 (\$1.8M)

FY19-20 \$21,192,300 (\$1.5M)

FY18-19 \$19,607,000 (\$1.8M)



CAPITAL IMPROVEMENT REQUESTS

Department	Project	FY23-24
IT	Fiber Installation	\$ 95,702
IT	Redundant Servers	43,500
Police	Vehicles (3 new, 3 replacement)	413,058
Fire	Replace Fire Engine w/Quint	1,400,000
Fire	Fire Prevention Vehicle	50,000
Fire	ATV Rescue Vehicle	30,654
Public Works	CAT 304 Mini Hydraulic Excavator	90,200
Public Works	New Fleet Services office and foyer	145,200
Public Works/Sanitation	Service trucks (5) (replacement)	333,000
Public Works	Plow Package (4)	40,000
Public Works	Sidewalk - Crawford St. from N. First St. to N. 2nd St. construction and engineering inspection	137,000
Public Works	Sidewalk - S. Eighth St. to Fifth St. Park via Arrowhead Villas construction and engineering inspection	55,000
Public Works	Multi-use path - Third Street to Fifth Street Connector	60,500
Public Works	Sidewalk - Third Ext. from Corporate Park Dr. to Augusta Dr. easement maps and purchases	32,500
Public Works	NC 119 Wayfinding entrance signs	100,000
Public Works	New fuel station and pumps	97,000

Department	Project	FY23-24
Public Facilities	John Deere Gator with Spray tank	30,500
Sanitation	Sidearm Garbage Truck	363,000
Sanitation	Knuckle boom Truck	204,000
Sanitation	Dump Truck - 4X2 (single axle) 2 replacements	324,300
Sanitation	Trailer leaf vacuum system	124,200
Parks & Rec	Back Entrance Parking Lot @ Community Park	480,000
Parks & Rec	Lake Michael Connector (along Lebanon)	375,000
Parks & Rec	MACC Roof Restoration	295,000
Parks & Rec	Lake Michael Building Removal of Current Building	50,000
Parks & Rec	Gym Floor @ Old Rec (replacement)	160,000
Parks & Rec	Lake Trails	55,900
	Total General Fund CIP	\$5,585,214



REVENUE NEUTRAL CALCULATION

	Estimates 2022-2023*	Growth	Reval Estimates FY23-24	Estimate with Appeals	Tax Revenue (Real)	Tax Revenue RMV
Real Property	2,087,988,181	7.5%	2,244,580,761	\$ 3,433,582,498	\$ 13,683,510	\$ 746,395.76
Non-RMV Personal Property	546,738,550	4.7%	572,666,209	\$ 572,666,209	Coll Rate 99.6%	99.6%
Utility	29,404,917	-3.6%	28,348,569	\$ 28,348,569	\$ 13,628,776	\$ 743,410.17
RMV Property	200,838,130	8.6%	218,202,651	218,202,651		
Total	2,864,969,778		3,063,798,191	\$ 4,252,799,928	4,218,464,103	
Tax Rate	0.4700			0.3192		
Revenue	\$ 13,465,358			\$ 13,465,358		
* Based on current year estimates				Average Growth Rate	7.16%	
2021-2022 (OC revaluation 1/1/2021)	2,654,716,052			Revenue Neutral Tax Rate	0.3421	
2022-2023	2,864,969,778					
minus annexations				Projected Revenue	\$ 14,429,906	\$ 14,372,186
Parcel 9834445110 6086 West Ten Rd.				Additional Dollars from 2022-2023	\$ 964,548	
Buckhorn Industrial Park	(1,089,900)					
Parcel 160091 UPS	(472,230)					
Parcel 163553 PIN 9814132469 Bhavans Group LLC	(647,634)					
Parcel 172976 Venn Hillsborough LLC	(470,600)					
Parcel 9825498941 Lebanon Road 3 LLC	(858,005)					
Parcel 9824434841 GG Havenstone Limited Partnership	(189,327)					
Parcel 172714 Chick-Fil-A Supply LLC	(9,901,217)					
Parcel 166704 Land Management 1st Inc	(17,425)					
Parcels Various Buckhorn Industrial II LLC	(4,812,900)					
Parcel 160321 Duke University Health System (tax exemp	(71,250)					
Parcel 168933 (Alamance) 9825381359 (OC)						
9825286476 (OC) 168937 Alamance BC Stagecoach LLC	(377,920.00)					
Parcel 167482 Summit Church	(764,814.00)					
Parcel 9844452283 Sandra Clark	(18,653.00)					
Parcel 9825410961 Espitia Properties	(92,000.00)					
Parcel 160376 160314 and Crow Holdings	(307,756.00)					
Total Annexations	(20,091,631)					
2022-2023 (minus annexations)	2,844,878,147	7.16%				



TAX IMPACT

Revenue Neutral Impact

- 2017
 - Median home value = \$127,610
 - \$0.47/\$100 tax rate
 - Taxes = \$599.77
- 2023
 - Median home value = \$229,698
 - \$0.3421/\$100 tax rate
 - Taxes = \$785.80
- Increase of \$186.03

Impact of a one cent increase

Cent Increases		Tax Impact
\$	0.01	\$ 421,613
	0.02	841,772
	0.03	1,261,931



REVENUES

REVENUE NEUTRAL ESTIMATES

Property Taxes	\$ 13,629,117
Sales Tax	6,290,000
Utility Franchise Tax	1,124,100
Other Property Tax	777,429
Fire District Tax	550,801
Powell Bill Allocation	503,000
Sanitation User Fees	575,508
Permits and Fees	1,919,910
All Other Revenues	1,345,230
Total Revenues	\$ 26,715,095

POSITIONS ADDED WITHOUT A TAX INCREASE

FY22-23: 8 full-time positions and 3 reclassified positions

FY21-22: 10 full-time positions and 3 reclassifications

FY20-21 -No positions were added due to COVID.



BRIDGING THE GAP

- The budget does not include any funding for Fire Station #4, the Holt Street Greenway, or the Transload Facility.
- Debt payments for the Lake Michael Spillway are not included because payments will likely not begin until FY24-25.
- The deficit with no tax increase, fund balance appropriation or debt proceeds is (\$8,490,000) with capital requests over \$24,999 totaling \$5,585,214.



Utility Fund Budget Summary

FY23-24



Summary of Department Requests

FY23-24 Department Requests

Department	FY23-24 Requests
Administration & Metering	\$ 1,613,720
Utilities	6,426,058
Engineering	285,000
Water Resource Recovery Facility	3,351,742
Non-Departmental	1,503,768
Total Requests	\$ 13,180,288

Previous Adopted Budgets (including Fund Balance Appropriation)

FY22-23 \$10,054,333 (\$1.2 M)

FY21-22 \$10,378,152 (\$1.6M)

FY20-21 \$8,546,000 (\$1.9M)

FY19-20 \$8,006,250 (\$1.5M)

FY18-19 \$8,173,390 (\$1.8M)



CAPITAL IMPROVEMENT REQUESTS

Department	Project	FY23-24
Administration & Metering	Meters	\$ 180,000
Utilities	Trucks 2 replacements	112,000.00
Utilities	Sewer Jetter	136,818.00
Utilities	Air Compressor	25,000.00
Utilities	Rock Quarry Rd. Loop	959,375.00
Utilities	2" Galvanized Water Line Replacement Engineering (Phase I)	50,000.00
Utilities	GE Pump Station Re-build (Phase I)	50,000.00
Utilities	Third Street Outfall	50,000.00
Utilities	Water Rehab	38,000.00
Utilities	Utility Oversizing	150,000.00
Utilities	City of Graham Water Plant Capital	200,000.00
Water Resource Recovery Facility	Roof Repair Thickener Building	40,000.00
Water Resource Recovery Facility	City of Graham Treatment Plant Capital	669,081.00
	Total Utility Fund CIP	\$ 2,660,274



REQUESTED POSITIONS

Department	Requested Position	Salary & Benefits	Non-salary costs FY23-24	Non-salary costs future years	Total Cost FY23-24
Utilities	Maintenance Technician	\$ 66,952	\$ 2,764	\$ 1,632	\$ 69,716
Utilities	Meter & Sampling Supervisor	108,408	2,764	1,632	111,172
WRRF	Laboratory Technician	77,290	800	500	78,090
WRRF	Wastewater Treatment Plant Operator	84,090	1,760	1,460	85,850
	Total Cost FY23-24				\$ 344,828



REVENUE ESTIMATES

Water Utility Fees*	\$ 4,433,731
Sewer Utility Fees*	4,327,398
All Other Revenues	811,520
Total Revenues	\$ 9,572,649
* Fees include a 6% increase.	
The gap between requested expenditures and estimated revenues is (\$3,607,639).	

Rate Increases

FY22-23: 6% for water & sewer

FY21-22: 10% for water & sewer

FY20-21: No increase due to
COVID

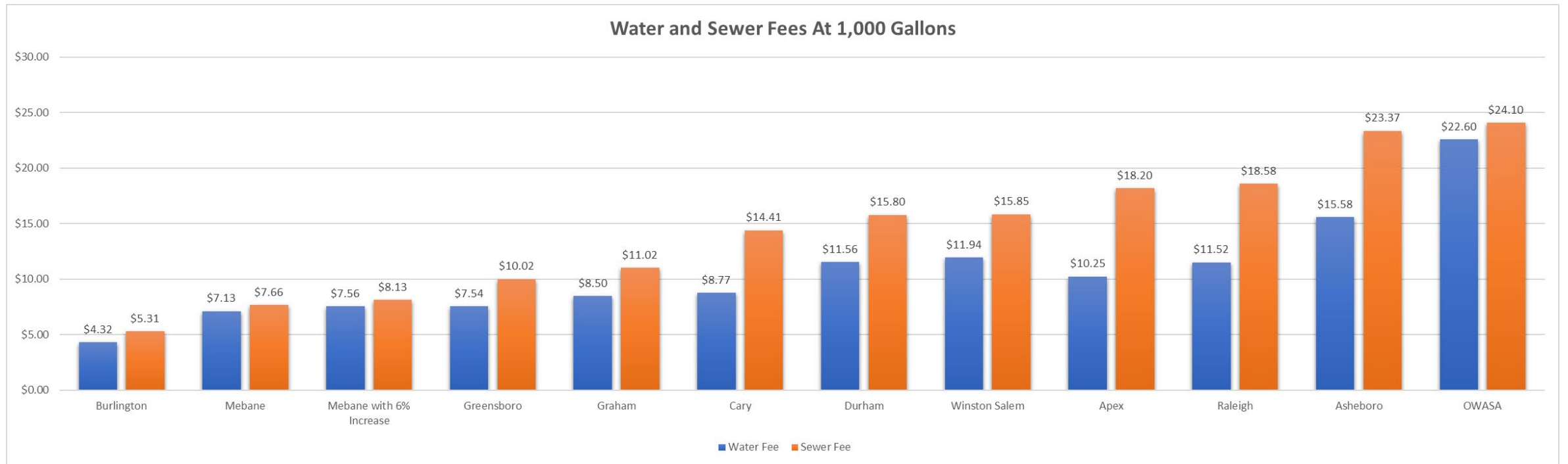


RATE CHANGES

Water & Sewer Rates	
Inside water (per 1,000 gallon)	\$7.13 \$7.56
Inside sewer (per 1,000 gallon)	\$7.66 \$8.12
Outside water (per 1,000 gallon)	\$14.26 \$15.12
Outside sewer (per 1,000 gallon)	\$15.30 \$16.24



RATE COMPARISONS





Capital Reserve Fund

FY23-24



CAPITAL RESERVE FUND SUMMARY

Estimated Revenues

• System Development Fees – Water	\$500,000
• System Development Fees - Sewer	\$1,170,000
• Interest Earnings	<u>\$3,000</u>
Total	\$1,673,000

Additional Information

- There are no planned transfers at this time.
- The current fund balance is \$3,702,258.
- The current year's revenue is \$1,475,671.



Capital Project Ordinances



GENERAL FUND CAPITAL PROJECT ORDINANCES

CATES FARM PARK

Current Budget	\$1,377,809
Expenditures	<u>\$253,690</u>
Remaining Budget	\$1,124,119

LAKE MICHAEL DAM SPILLWAY

Current Budget	\$908,240
Expenditures	<u>\$271,673</u>
Remaining Budget	\$636,567

Estimated total project cost is
\$4,402,835 as of April 7, 2023.



UTILITY FUND CAPITAL PROJECT ORDINANCES

WATER RESOURCE RECOVERY FACILITY(WRRF) RENOVATION

Current Budget	\$8,951,942
Expenditures	<u>\$5,711,390</u>
Remaining Budget	\$3,240,552

WRRF EXPANSION

Current Budget	\$15,725,000
Expenditures	<u>\$2,421,061</u>
Remaining Budget	\$13,303,939

Estimate total project cost is \$63,000,000 per an estimate provided last month.



UTILITY FUND CAPITAL PROJECT ORDINANCES

ELEVATED STORAGE TANK

Current Budget	\$7,081,200
Expenditures	<u>\$67,621</u>
Remaining Budget	\$7,013,579

GKN PUMP STATION RE-ROUTE

Current Budget	\$1,853,159
Expenditures	<u>\$35,874</u>
Remaining Budget	\$1,817,285

Estimated total project cost is \$7,025,000 as of April 11, 2023.



Questions?