

Special Meeting of the Town Board of the Town of Lillington, Thursday, May 21, 2020 at 8:30 a.m. held virtually.

Board Members Present: Mayor Glenn McFadden
Mayor Pro Marshall A. Page, Jr.
Commissioner Dianne Johnson
Commissioner Judy Breeden
Commissioner Rupert Langdon
Commissioner Tim Stephens

Staff Present: Joseph Jeffries, Town Manager
Lisa Young, Assistant Town Manager
Alicia L. Gregory, Management Analyst & Town Clerk

Call to Order: Mayor McFadden called the meeting to order.

Fiscal Year (FY) 2020-2021 Proposed Budget Considerations: Mayor McFadden recognized Town Manager, Joseph Jeffries.

Mr. Jeffries stated that a copy of the proposed budget for Fiscal Year (FY) 2020-2021, including the Fee Schedule, General Fund, Enterprise (Water and Sewer) Fund and the Powell Bill Fund, has been provided to the Town Board members. A public notice will be posted and advertised stating that the proposed budget is available for public inspection prior to the June 9, 2020 public hearing and adoption. By state law, the proposed budget has to have expenditures and revenues that balance.

Fiscal Year 2020-2021 Powell Bill Fund Review: Mr. Jeffries reviewed the Powell Bill Fund and stated the projected revenues and expenditures for this fund is \$106,000, which is a decrease of 45.4% from the current fiscal year.

New project spending for the Powell Bill Fund include the following:

There were no proposed new project spending or new operational expenditures for proposed FY2020-21 Powell Bill Fund. The Powell Bill Fund proposed budget includes normal maintenance and repair of Town Streets, along with ADA sidewalk repairs.

There were no questions on information presented to the Board on the Powell Bill Fund.

Fiscal Year 2020-2021 Enterprise Fund Review: Mr. Jeffries reviewed the Enterprise Fund and stated the projected revenues and expenditures for this fund is \$2,550,000, which is an increase of 16.1% from the current fiscal year.

Mr. Jeffries explained that this year was a very successful year for the Enterprise Fund. He explained that the Town has received a Golden Leaf Grant and an AIA for Wastewater and Water. He thanked staff for their efforts in turning around this department after the extremely challenging previous year. Mr. Jeffries explained that currently the Enterprise Fund is at a \$1.4 million in Fund Balance. He stated staff continues to rehab multiple wastewater lines that were identified through the study done by Hydrostructures. He also briefed the Board that the Town is currently finishing up the Sewer Assessment funded by Golden Leaf to identify other problem areas of inflow and infiltration in town.

Mr. Jeffries explained that during the Board Retreat in 2019, the Board decided to continue to own and maintain the water and wastewater system. Mr. Jeffries explained this decision is how the budget was created. He reminded the Board of the WR Martin Study and the findings from this study. He explained that their recommendations, if we kept our system, were rate changes, multi steps in creating a Capital Improvements Plan, and moving forward with economic development opportunities. Currently, Town Staff is working to accomplish all these recommendations. Since the Board had to cancel the Board Retreat due to COVID-19, these recommendations continued to be a focus when building the Enterprise Fund Budget.

Mr. Jeffries explained that staff has diligently worked to determine how the Enterprise Fund may be effected by COVID-19. He stated that according to Moody's and the North Carolina League of Municipalities the outlook for water and sewer utilities remain stable through the COVID-19 pandemic.

Proposed new project spending, operational expenditures and special notations for the Enterprise Fund include the following:

- Install New Water Line – W. Harnett & 9th Street
- Trailer Jetter – Model DJ 4030
- New Finance Employee (50% Enterprise Fund)
- New Utility Tech Position (Beginning January 1, 2021)
- Short-Lived Assets Program
- 2% COLA Increase
- Healthcare costs increased 14% for FY2020-2021
- Retirement costs increased 1.2% for FY2020-2021
- Water and Sewer rate increase of 8% (Based on WR Martin Study)
- Harnett Regional Bulk Water Rates increased \$.22/1,000 gallons
- Harnett Regional Bulk Sewer Rates increased \$.25/1,000 gallons

Mr. Jeffries explained that he was conservative when suggesting new project spending. He explained with the unknown of COVID-19, that he is requesting the Board later in the year to take another look at new project spending and potential add additional projects if the Town is financially stable.

The Board of Commissioners had some questions about replacement pumps at pump stations. They wanted more outreach done to these communities if the Town is continuing to have issues with grease and disposable wipes.

Mayor McFadden explained that anything can go wrong with these pumps and that they do wear out and need replacing.

There were no more additional questions on the water sewer fund.

Fiscal Year 2020-2021 General Fund Review: Mr. Jeffries reviewed the General Fund and stated the projected revenues and expenditures for this fund is \$4,499,750, which is an increase of 2.9% from the current fiscal year.

New project spending, operational expenditures and special notations for the General Fund include the following:

- Install Fiber Line for Town Hall
- Replace Office Furniture for Clerk
- Zero Turn Mower
- HVAC Fire Department
- HVAC Mini Split Public Work Shop
- Door Entry Code System for Fire Department
- Fire Department Door Trolleys
- Gate at Public Works Yard
- Patrol Car
- Haul Topsoil to Multipurpose Field
- Parking Lot on First Street at Park
- Brow Light and LED Bar for Truck 781
- Smith Machine
- Park Repairs (Pain, Poly Caps, Netting, Old Playground)
- ½ Finance Tech Position
- 2% Cost of Living Adjustment for all Employees
- Special Salary Adjustments for Fire, Parks & Recreation, and Public Works)
- Slight Funding Increase for Healthcare Costs of 14% FY2020-2021
- Retirement Cost for regular employees increased 1.2% for FY2020-2021 to 10.15%
- Retirement Cost for Police increased 1.2% for FY2020-2021 to 10.90%

Mr. Jeffries noted that the General Fund was fiscally extremely healthy. Mr. Jeffries noted that Town Staff took an in depth look at the effects the General Fund may experience due to COVID-19. Mr. Jeffries stated that Moody's and the North Carolina League of Municipalities projected the economy will contract in 2020. They expect a slow recovery that will impair revenues for the

year 2020. It should be noted that they do expect a full recovery of the economy to pre-Corona virus in 2021. Mr. Jeffries stated that during the Great Recession of 2008, the North Carolina League of Municipalities only reported a loss of revenues of 9%. He explained that there are a variety of sources that have projected loss of revenue figures. He stated a conservative projected loss of revenues could potentially be 3.2% loss, moderate is we would gain 1%. Mr. Jeffries explained the Town of Lillington has a diverse economy and the Town is not reliant on a single industry. He also mentioned the strong fund balance of \$2.5 million.

Mr. Jeffries explained the Fund Balance appropriated is equal to the amount of New Projects, Capital Outlay requested, and estimated revenue loss due to COVID-19. The budget was based upon previous identified goals since the Board Retreat was canceled. Mr. Jeffries stated he would like to have a retreat mid-year to discuss capital projects because at that point we will be able to determine our financial status.

Mayor McFadden asked Mrs. Young what we were predicting for revenue lost.

Mrs. Young stated she had estimated for budgeting proposes to lose forty percent for three months.

Mayor McFadden asked Mrs. Young about the decreases in revenues for sponsorships and youth programs.

Mrs. Young explained this was because the decrease in Summer Camp due to COVID-19 and stated the Town would not be soliciting local businesses for sponsorships because of the economic impacts of COVID-19.

Mayor McFadden thanked Town Manager, Joseph Jeffries, and Assistant Town Manager, Lisa Young, for their hard work during the budgeting process.

Fiscal Year 2020-2021 Fee Schedule Review: Mr. Jeffries began briefing the Board on the proposed changes in the Town of Lillington Fee Schedule. A copy of the proposed fee schedule was provided to the Board.

Mr. Jeffries went through the proposed changes in the FY2020-2021 Fee Schedule. Mr. Jeffries began with the Planning and Inspections section of the Fee Schedule. He explained there is a new proposed Right-of-Way Permit fee of \$50.00. There was also an increase in Site Plan revisions from \$50.00 to \$100.00 and Subdivision Major Final Plat from \$200.00 to \$250.00. He also briefed the Board on the changes to Rezoning & Conditional Rezoning Requests from \$350.00 for 3 acres +\$25.00 per additional acre to \$450.00 for 3 acres + \$25.00 per additional acre. He then moved on to Non-Residential Trade Permit Fees changes listed below:

\$100,001-\$200,000	\$2,500.00
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*Lillington Board of Commissioners
May 21, 2020 Special Meeting/Budget Work Session Minutes*

\$200,001-\$350,000	\$3,500.00
\$350,001-\$500,000	\$5,000.00
\$500,001-\$750,000	\$7,000.00
\$750,001-\$1,000,000	\$9,000.00
Projects over \$1,000,000	\$9,000.00 + 0.2% of each added million, or portion thereof.

Mr. Jeffries stated that these changes are in line with neighboring communities.

Under the Solid Waste Collection section of the Fee Schedule the rates reflect the increases from GFL. For residential and churches/non-profits the price went from \$16.40 to \$16.87 monthly fee.

Mr. Jeffries moved on to Public Works and stated there has been a change to Meter Calibration Test from no fee for the first time calibration test to \$50.00 + replacement cost of the meter if the meter is operating properly. Another change was Illegal Cut-On of water remains \$150.00 but now also includes replace cost of the meter if damaged.

Under the Tap Fee section of the Fee Schedule there are new proposed fees for meters for new taps. The proposed fees were determined by the cost the Town is charged per meter plus the cost of the meter box and setter. The proposed water tap fees are listed below:

Meter Charge

¾" Meter	\$400.00
1" Meter	\$660.00
1.5" Meter	\$1,170.00
2" Meter	\$3,020.00
3" Meter	\$2,107.00 + cost of installation
4" Meter	\$2,500.00 + cost of installation
6" Meter	\$4,050.00 + cost of installation
8" Meter	\$4,553.00 + cost of installation

Mr. Jeffries then moved to the proposed changes for Water Tap and Sewer Tap Fees the proposed fees are listed below:

Water Tap Fees

¾"	\$1,400.00
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Sewer Tap Fees*

4" Sewer Tap	\$1,500.00
4" Sewer Tap into Manhole	\$2,000.00

Mr. Jeffries then briefed the Board on the proposed changes to the Water and Sewer Rates. He explained that during the Board Retreat WR Martin suggested increasing the water and sewer rates in FY2020-2021 budget eight percent and those changes are reflected in the proposed Fee Schedule. It was a flat rate increase of eight percent across the spectrum, for the base rate and variable rate. The new rates also include the increase on bulk water and sewer rates proposed by Harnett County Regional Water.

Under Miscellaneous, the Employee Mileage Reimbursement changed to reflect the changes per IRS 2020 schedule.

He also stated that the current Lillington tax rate of \$0.52/\$100 property valuation will remain unchanged for Fiscal Year 2020-2021.

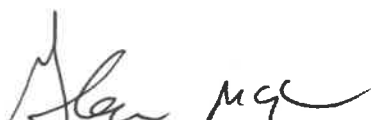
Mayor McFadden addressed the Board and asked if everyone was in consensus with the changes to the Fee Schedule.

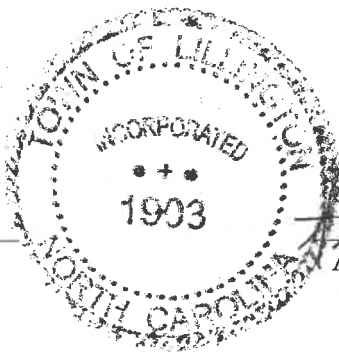
The Board was polled and there were no objections.

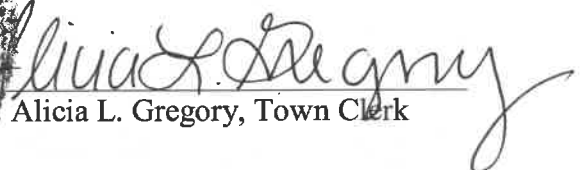
There was no other discussion.

Mayor McFadden stated that because of the unique review of the Budget virtually if you should have any questions please contact the staff and get those questions addressed.

Adjournment: Motion by Commissioner Johnson, second by Commissioner Langdon that the meeting be adjourned. The Board was polled and the motion was unanimously approved.


Glenn McFadden, Mayor




Alicia L. Gregory, Town Clerk