

THURSDAY, FEBRUARY 9, 2017
TOWN OF SAWMILLS ANNUAL BUDGET RETREAT
9:00 AM

COUNCIL PRESENT

Joe Wesson
Gerelene Blevins
Jeff Wilson
Joe Norman
Reed Lingerfelt

STAFF PRESENT

Christopher Todd
Karen Clontz
Ronnie Coffey
Steve Coonse

CALL TO ORDER: Mayor Joe Wesson called the meeting to order.

INVOCATION: Councilman Reed Lingerfelt gave the invocation.

PLEDGE OF ALLEGIANCE: Mayor Joe Wesson led the Pledge of Allegiance.

ADOPT AGENDA: Mayor Joe Wesson asked for a motion to adopt the February 9, 2017 Agenda.

Joe Norman made a motion, and Gerelene Blevins seconded, to adopt the February 9, 2017 agenda. All were in favor.

GROUP BUILDING ACTIVITY: Town Administrator Christopher Todd presented the Town Council with a discussion and group building activity to help begin the retreat process. The "Six Thinking Hats" explained how you should look at every problem through a diversity of perspectives and viewpoints with the goal of best addressing the problem.

DEMOGRAPHICS ECONOMIC DATA PRESENTATION: Town Administrator Christopher Todd presented a presentation showing the economic and demographic trends of Sawmills. The presentation was created for the town by the Western Piedmont Council of Governments (WPCOG). The presentation highlighted population trends and economic growth and decline occurring in Sawmills, Caldwell County, and the Hickory Metropolitan Statistical Area (HMSA).

FINANCIAL MATTERS -

FINANCIAL UPDATE: Finance Officer Karen Clontz presented to the council the following financial information for the Town Council.

1 – Attached is the summary sheet for revenues and expenditures year to date – 12/31/2016 – for all funds. The budget total is \$2,992,006 with \$1,877,575

budgeted for the General Fund and \$1,114,431 for the Utility Fund. (See Statement of Revenues and Expenditures-page 4)

	Annual Budget	YTD Actual	Remaining Budget %
Revenue	\$2,992,006	\$1,405,300	53%
Expenditures	\$2,992,006	\$1,073,722	64%
Over/Under		\$ 331,577	

2 - Cash Balance and Budget by Fund as of 12/31/2016:

A. Cash Balance by Fund Summary (See General Fund/Powell Bill- page 5; Utility Fund- page 6)

General Fund Balance – Unassigned	\$4,548,167
Powell Bill Fund Balance-Restricted/Streets	\$ 419,511
Utility Fund Balance	\$3,978,017
Capital Reserve Fund - Committed	\$335,000
Total:	\$9,280,695

Attached is a breakdown of the cash on hand and investments for each fund. The outline also compares the current fiscal year to the same time last year. Interest rates remain low. (pages 5-6)

B. Budget by Fund Summary:

<u>General Fund</u>	<u>Budget 16/17</u>	<u>Dec 2016 YTD</u>	<u>Remaining Budget %</u>
Revenue	\$1,877,575	\$ 988,094	46%
Expenditure	\$1,877,575	\$ 811,140	57%
Over/Under		\$ 176,953	

<u>Powell Bill Fund</u>	<u>Budget 16/17</u>	<u>Dec 2016 YTD</u>	<u>Remaining Budget %</u>
Revenue-State	\$149,980	\$147,621	.9%
Revenue-Reserve	\$0	\$0	
Expenditure	\$171,000	\$88,082	49%

Regarding the Powell Bill cash balance – the Town’s cash reserve must stay below the total sum of the past 5 years in revenue received from the State of North Carolina Department of Transportation. This is a result of HB 200 changes to GS 136-41.1 through 136-41.3. In summary, towns with a population over 5,000 cannot have a total reserve in excess of the 5 year total revenue received. The Town’s current five year total is \$750,807. Our cash balance is \$419,511, which is \$331,296 less than the total received (see page 5).

<u>Utility Fund</u>	<u>Budget 16/17</u>	<u>Dec 2016 YTD</u>	<u>Remaining Budget %</u>
Revenue	\$1,114,431	\$ 417,205	63%

Expenditure	\$1,114,431	\$ 262,582	76%
Over/Under		\$ 154,623	

Utility Fund revenues continue to remain steady.

3 – Fund Balance Appropriation – (page 7)

Also included with this memo is a spreadsheet listing fund balance appropriations from fiscal year ending 2004 to 2016.

4 – General Fund (Property/Vehicle and Sales Tax only)/Utility Fund Charts - for the past four years ending December 31st. (Pages 8-9)

Updates regarding increase/decrease in revenues/expenditures:

Retirement – The Local Government Retirement System (LGERS) Board proposed an increase of .58% beginning with fiscal year 2016-17. The LGERS Board will be increasing the rate by .25% over the next four years. Beginning July 1, 2016 the rate paid, by the Town for retirement, was 7.25% of gross wages. The new rate will be 7.50%. The Town, as an employer, contributed approximately \$31,000 to the Retirement System for the fiscal year 2015-2016. A copy of the rate increase chart follows on the next page.

Fiscal Year	Employer Contribution Rate	
	General Employees	Law Enforcement Officers
2016-17	7.25%	8.00%
2017-18	7.50%	8.25%
2018-19	7.75%	8.50%
2019-20	8.00%	8.75%
2020-21	8.25%	9.00%

Insurance – Property/Health/Workman’s Comp. – The North Carolina League of Municipalities (NCLM) provides the Town’s insurance through the pooling method.

- Health Insurance - There was no rate increase for FY 16/17 pertaining to health insurance. The annual meeting will be in Hickory in April where NCLM staff will report any new proposed increases. Total employer expenditures for FY 15/16 were \$128,555.
- Property Insurance – 5% decrease from FY 15/16. Employer expenditures for property insurance for FY 16/17 were \$15,565.
- Workman’s Comp – 5% increase from FY 15/16. Employer expenditures for Workman’s Comp for FY 16/17 were \$14,849.

Fuel – Fuel prices continue to decrease or remain stable. The overall average cost for diesel fuel is \$1.85 compared to \$1.92 this same time last year. Regular fuel prices have averaged out to \$2.12, which was the average cost for the same time

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last year. Both the General Fund and Enterprise Fund has 69% of its fuel budget remaining.

Land Fill/Recycle – The average recycling percentage for calendar year 2016 was 62% compared to 64% for calendar year 2015.

Miscellaneous:

NC Debt Setoff Program – The Town was reimbursed \$241.43 from the Debt Setoff program for calendar year 2016. This brings the total reimbursement to \$4,532.07 since implementing this program.

DISCUSSION -

MISSION AND VALUES DEVELOPMENT: The Town of Sawmills currently does not have a formal Mission Statement. A Mission Statement, along with a list of values would guide the council and staff in creating and enacting policy. Town Administrator Todd, asked if the Town Council would like for the WPCOG to facilitate a discussion to help create a mission and value driven budget process during their March budget workshop. Council agreed to have the WPCOG facilitate a discussion.

PERSONNEL UPDATE: Historically The Town of Sawmills has offered either a Cost of Living Adjustment or Merit Based Pay Increase. Based on the direction of the Council, staff will allow for a 0% - 5% Merit Based Pay Increase for employees.

TAX DELINQUENCY: The Town of Sawmills currently operates with a 92% property tax collection rate. This rate is comparable to the surrounding area and considered a decent collection rate. Currently though, there are approximately 672 delinquent tax bills back to 2007. The uncollected taxes during this time is worth approximately \$67,302.12 in lost revenue. Staff recommends using the North Carolina Debt Setoff Program to go after all bills that qualify for the program. Council directed staff to further investigate the program and attempt to collect taxes using the debt setoff program.

PUBLIC WORKS MATTERS -

STREET RATING STUDY: Todd Poteet with West Consultants presented an updated street rating study outlining the state of all town streets. West Consultants showed the town streets were in good overall shape. Second, Poteet presented two proposed street maintenance plans. The first plan being a general plan, outlining streets with the most need and showing the cost to do a full repair/replacement for each street. The second plan outlined a process working on multiple streets throughout the town and fixing specific sections of those streets. Staff was directed by the Town Council to look into implementing the plan that would do multiple repairs to streets, rather than complete repaving projects.

HORSESHOE BEND ROAD WATER LINE REPLACEMENT: At the direction of the town staff, West Consultants presented a water line replacement project on Horseshoe bend. The project would repair a section of line approximately 1990 feet from the corner of Cahah

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Mountain Road and Horseshoe Bend Road. This section has had multiple leaks in recent years and is in need of repair. The project was estimated to be \$167,825.00 by West Consultants. The Town Council directed staff to include this project in the preliminary budget.

HORSESHOE BEND ROAD WATER LINE EXTENSION: At the direction of the Town Council, staff worked with West Consultants to prepare and present a waterline extension project located on the boundary of town limits in Horseshoe Bend Road. West Consultants presented a two section project, based on the request of staff and council. The primary section which was designed to serve to two properties, not located within town limits, and estimated to cost \$121,875.00. This section was done with the understanding these property owners would annex into the town if water was to be provided to their properties. The second section, was a remainder of properties in the unincorporated area, which water service could be provided to as part of a large annexation and water project. The second section is estimated to cost \$147,460.00. Council instructed staff to work to find out if there is any interest for water service and annexation in the second section of the project.

SEWER INFRASTRUCTURE FINANCING: West Consultants presented 3 different sewer projects.

The first sewer project was estimated to be \$6,800,000 and would include a pump station. This project would serve the entire Virginia Acres subdivision and some surrounding area. Staff was asked to look into scaling this project down and identify potential funding sources.

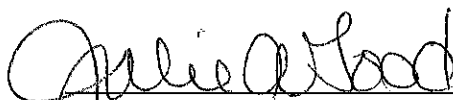
The second project would finish the Bakers Circle area's need for sewer. This project is estimated to cost \$1,428,545.

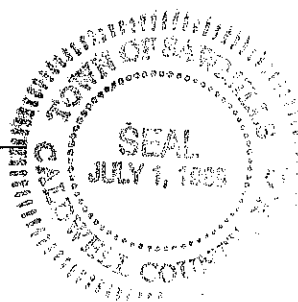
The third project would provide sewer to the Stamey Road and surrounding area, for \$1,723,485. Staff was asked to look into this project and identify potential funding sources.

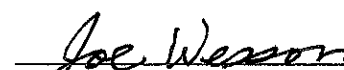
CLOSING REMARKS: Town Administrator Christopher Todd let the Council know that he appreciated their guidance in what looks to be another successful budget process.

COUNCIL ADJOURN: Mayor Joe Wesson asked for a motion to adjourn.

Jeff Wilson made a motion, and Joe Norman seconded, to adjourn the meeting. All were in favor.


Julie A Good, Town Clerk




Joe Wesson, Mayor