

TOWN OF FOUR OAKS
BUDGET MEETING
May 25, 2021
AGENDA

- 1) Call to Order**
- 2) Invocation and Pledge of Allegiance**
- 3) Public Comments**
- 4) Budget Session – FY 2021-22 Proposed Budget & Preliminary Budget Ordinance**
- 5) Adjournment**

TOWN OF FOUR OAKS

BUDGET MEETING

May 25th, 2021

MINUTES

Call to Order

Mayor Linwood called the May 25th, 2021 special called the Town Council budget meeting to order at 6:11 p.m. Those present included Commissioners Andy Hardy, John Hatch, Mike Hines, and Charles Surles. Also present were Town Clerk Martha Garriss recording minutes. Not present and excused Commissioner Vic Medlin.

Invocation and Pledge of Allegiance

Commissioner Hatch gave the opening Invocation with Commissioner Surles leading the Pledge of Allegiance.

Public Comments

Mayor Parker thanked everyone for their hard work and commented that the Veteran's Memorial in Barbour's Grove Park was looking nice. He commented he had reviewed the budget and thanked Commissioner Hardy and Clerk Garriss for a good job done on it.

Budget Session

Commissioner Hardy presented the 2021-2022 Proposed Budget. He told the board that the budget reflects an increase in reserves for the General Fund and Water & Sewer Fund. The Town is currently on the Local Government Commissions ("LCG") Unit Assistance List ("UAL") due to our fund balance availability in the general fund is lower than our population group and an internal control issue with the budget. As for the fund balance availability, we meet and exceed state guidelines but we are under the average fund balance availability for our similar population group in the State. We are working to improve and get off the LCG UAL.

Commissioner Hardy highlighted the significant budget line item changes:

1) General Fund

a) Revenues – Total Revenues \$2,238,000

- Current taxes line – increased approximately \$60K primarily due to the growth in the town. Tax rate will remain at 45 cents per \$100 tax value.
- Motor Vehicle Taxes line – increased approximately \$10,000 due to growth.
- SRO reimbursements line – Officer salary and benefit reimbursement from Johnston County Schools for providing SRO in schools – NOTE: assuming JCPS will renew the contract.
- Open Space Fees – included \$100,000 because the Civitan Rd developer plans to pay for all the open space fees at one time which is \$800 per lot and other

developers are paying as they go. These fees will be put in a separate account for parks & recreation use later as needed.

- Garbage Fees – increase approximately \$15,000 due to the town growth
- P&R revenue is included because we will be having the football program

b) Expenses – Total Expenses \$2,238,000

- Salary lines – employee salary increase of 3%
- Community Involvement – total of \$17,500 remained the same as prior year however the allocation will be: \$5,500 to the Chamber of Commerce; and split the remainder between the Four Oaks Elementary School, Four Oaks Middle School, and South Johnston High School.
- Miscellaneous expense line – this amount goes into the reserve and the town needs to work to increase reserves to improve fund balances required by the State
- Fire department increased approximately \$14,000 which includes part-time salaries and aligns with the fire departments budget from taxes. Fire department receives a portion of the ad valorem taxes received from the county equivalent to 8 cents of the towns 45 cents.
- Police department vehicles line – replace Lt. Lebow's car with a SUV because it will be sturdier for the weight of the K9 cage.
- Police department supplies line – increase includes new body cameras
- Chief purposed the need for an additional officer position due to the town's growth and the need to fill two (2) teams with 3 officers each. Commissioner Hatch expressed his concern for the need of the additional position for the growth and safety of the town. The board recognizes the need so they agreed to revisit this need around September after we find out if JCPS will be renewing the SRO contract and hopefully some of the unknown expenditures will clear up by then.
- Sanitation department vehicles line – \$100,000 budget is for various needs such as a backhoe, roof replacement on town shop, trash truck overhaul, etc. Some of these items were budgeted for in 2020-2021 but the Town was unable to address due to other unexpected expenses. Commissioner Hardy commented that at some point there are other needs such as more public works staffing and other equipment replacements that we need to be prepared for as needed.
- Parks & Rec maintenance & repair line - includes cost of hosting a July 4th celebration in the future.
- Streets department maintenance & repairs line – increase approximately \$70,000 to include paving Benson Ave. & the Forest Hills subdivision.

c) Suggestions for proposed budget changes:

- Elections expense line – add \$3,500
- Mayor suggested increasing the Council's salaries. The board discussed and agreed on the follow increase:
 - i. Commissioners increase from \$60 / month to \$100 / month
 - ii. Mayor increase from \$90 / month to \$125 / month

Commissioner Hardy pointed out as already mentioned, we have some significant projects in progress that pose some uncertainties such as the Downtown Revitalization Project, the Ashley Furniture Project, the Alliance project, SRO position, and the need to increase reserves to meet the LCG expectations. We need to keep these in mind as we consider looking at specific needs. In the budget, the reserve is \$226,000 but we have to exclude the \$100,000 P&R open space fees making the budget much tighter. The Board will reevaluate things in September and discuss adding a police officer position.

Mayor Parker commented the Board needs to implement a plan to control the growth in town and a plan to be able to replace equipment and increase staffing as needed.

2) Water and Sewer Fund

a) Revenues – Total Revenues \$1,497,000

- The NC Rural Water Association (“NCRWA”) recently performed a water and sewer rate study for the town. The results from the rate study indicated water rates were significantly low by approximately \$10.82 and sewer rates were close to even. The NCRWA ran a scenario to include a 5-year rate increase plan which would cover cost of depreciation over the 5 years in order to reach full cost recovery of water and wastewater operations. The plan included an estimated annual increase by the county of 6% for water and 5% for sewer, an annual 2.5% cost of living increase, and increasing outside rates to double inside rates by year 5. The rate study will be reevaluated annually to help accomplish our 5-year plan. The rate study will help the town get rates where they need to be in 5 years to recover costs. Commissioner Hardy recommended we follow the direction laid out in the rate study going forward.
- Water charges line – increased \$130,000 based on the rate study 5-year plan.
- Sewer charges line – increased \$98,000 based on the rate study 5-year plan.

b) Expenses – Total Expenses \$1,497,000

- Salary lines – employee salary increase of 3%
- Water purchases line – increase as a result of Johnston County increasing their costs to the town by 6%.
- Miscellaneous Expense – this amount goes into the reserve and the town needs to work to increase reserves to improve fund balances required by the State.
- Sewer maintenance & repairs line – increase due to expenses associates with maintaining sewer pump stations.
- Sewer transmission/treatment line - increase as a result of Johnston County increasing their costs to the town by 5%.

Commissioner Hardy commented that the town doesn't have a capital project fee and it has been recommended we have one to help maintain our water & sewer systems as needed similar to the County's. We need to look into including that to the tap fees for new customers. He also stated we don't charge a sewer capacity fee but will soon be adding it to the fee schedule for new builds because the county will soon start charging the town a bulk sewer capacity fee of \$11 / gpd. We are going to soon update our fee schedule to bring back to the Board for approval.

Commissioner Hardy discussed the American Rescue Plan Act money that we will be receiving from the State in the amount of approximately \$660,000 will have to be spent based on specific guidelines. We are looking at probably spending it on water and sewer infrastructure such as improving pump stations, new meters project, and evaluating our underground pipe systems.

Mayor Parker commented that the town does need to develop a capital improvement plan ("CIP") on paper and outline a 20-year plan. Commissioner Hardy added that a CIP will help get USDA loans when needed.

Commissioner Hardy made a motion to accept the proposed budget as presented except to include the minor changes discussed in the general fund, seconded by Commissioner Hines, voting unanimous. Mayor reiterated the budget leaves the tax rate at 45 cents per one hundred dollars of property value and includes water & sewer rate increases based on the NCRWA rate study recommendations.

The next budget meeting is scheduled for June 22, 2021 at 6:00 pm for the public hearing and final approval.

Adjournment

With no further business brought before the Town Council, motion to adjourn at 7:20 p.m. was made by Commissioner Hines, seconded by Commissioner Hardy, voting unanimous.

ATTEST:



Linwood Parker, Mayor



Martha L. Garriss, Town Clerk