

**MCADENVILLE TOWN COUNCIL
SPECIAL MEETING / BUDGET WORK SESSION
MAY 14, 2022**

The McAdenville Town Council met in Special Session on May 14, 2022 at 9:00 AM in the conference room of McAdenville Town Hall, 163 Main Street. Proper notice was given.

Members Present: Mayor Jim Robinette, and Mayor Pro-Tem Reid Washam; Council Members, Joe Rankin, Greg Richardson, and Jay McCosh. Staff member Lesley Dellinger was also present. Councilmember Carrie Bailey was absent.

Mayor Robinette called the meeting to order at 9:03AM. He stated the purpose of the meeting was to review the proposed budget estimates for FY2022-2023.

General Fund:

Lesley stated that the current year property tax receipts were overestimated by approximately \$40K due to the \$9,665,237 discovery under appeal for Manning Mills making estimates for FY22/23 difficult. She recommended going with a conservative property tax revenue estimate for the upcoming budget until the Mannington matter was settled. Next a brief overview of the ARPA funding was provided. The UNC School of Government is recommending using ARPA funding as revenue replacement for ease of reporting. By using our current allocation of \$107,000 in the current budget for revenue replacement of salary & benefits it allows us to supplant the monies for this expense to capital improvement projects.

The current expenditures were reviewed and the Board's input on revisions and capital projects were requested. The Board agreed that employee retention was key and authorized merit increases up to 5% for full time employees, along with a change to the health insurance benefits and additional Christmas bonus monies. Capital improvement projects were approved for the greenway parking project and the Fire Station. Staff asked for consideration of additional funding for design of the Riverlink Trail. Greg Richardson stated that the Town has a grant from the CTT for \$46,600 but that the engineering was estimated to cost around \$100K. The Board weighted the option of doing a feasibility study prior to moving forward with engineering but decided that having the trail engineered would increase the possibility of obtaining grant funding for construction.

Current revenues and the Town's tax rate were discussed. It was noted that the last tax increase was in 2017. Lesley stated that the contracts with Cramerton for Police and Fire protection have increased approximately 19% since 2019 totaling over \$60K/year. She added that all capital improvement projects had been placed on hold for the past two years due to pandemic concerns and now the cost for construction has skyrocketed. The Board was asked to consider a property tax increase to offset the amount of fund balance reserves needed to balance the upcoming budget. Reid Washam explained that by raising the tax rate by .05 cents the Town would generate an additional \$60K in revenues and that a .06 cent increase would generate \$70K. The Board reviewed the estimated revenues and expenditures and recommended the tax rate be increased by .06 cents.

Water/Sewer Fund:

Lesley provided an update on the cross connections project at Complex 46 and the Hallie Bentley PRV replacement. The Board reviewed the current CIP schedule and discussed current DWI grant applications. An overview of the work done to obtain a distressed utility designation was provided.

Mayor-Pro-Tem Washam was formally excused from the meeting at 11:58AM.

Lesley stated that a 7% increase for water & sewer services was being recommended by staff. TRU has approved a 5% increase in wholesale rates for water and sewer treatment beginning July 1, and the 2021 rate study by NCRWA recommends an increase of 2% in years 2-5 over any increase realized by TRU. She added that even with this increase, a fund balance infusion of \$137,565.00 would be needed to balance the budget. The Board reviewed the estimated revenue and expenditures for the sewer fund and supported staff's recommended W&S service increase.

There being no further business to discuss, Mayor Robinette adjourned the meeting at 12:10 PM.

Jim Robinette, Mayor

Lesley Dellinger, Town Clerk