



May 22, 2017

MINUTES

The Holly Springs Town Council met in a duly-called special session on Monday, May 22, 2017 in the community room of W.E. Hunt Recreation Center, located at 301 Stinson Ave. Mayor Pro Tem James Cobb presided, calling the meeting to order at 5:30 p.m. A quorum was established as the mayor pro tem and all remaining four council members were present as the meeting opened.

Council Members Present: Councilman Jimmy Cobb, Tom O'Brien, Hank Dickson and Peter Villadsen and Councilwoman Cheri Lee.

Council Members Absent: Mayor Dick Sears.

Staff Members Present: Chuck Simmons, town manager; Joni Powell, town clerk (recording the minutes); John Schifano, town attorney; Gina Clapp, director of planning and zoning; Jeff Wilson, information technology director; Ricky Blackmon, director of code enforcement; Mary Hogan, finance director; Patty Dressen, senior accountant; Irena Krstanovic, economic development director; Len Bradley, director of parks and recreation; Adam Huffman, assistant director of parks and recreation; Erika Phillips, human resources director; Leroy Smith, fire chief; John Herring, police chief; Mike Bornes, police captain; Luncie McNeil, public works director; Lori Pusak, parks office manager; Daniel Weeks, assistant town manager; Seann Byrd, water quality director; Kendra Parrish, director of engineering; and Aaron Levitt, senior engineer. There were several other staff members present as well.

Mr. Simmons reviewed Fiscal Year 2017-18 proposed budget highlights that were included in his manager's budget message.

Here are the budget highlights:

Highlights of FY 2017-2018 budget are as follows:

Revenues – General Fund

- A. Ad Valorem Taxes: Figures are based on a 99% collection rate with an approximate tax base of **\$4,434,719,653** (as provided by the Wake County Tax Department), keeping the tax rate at **\$0.4325** per \$100 valuation.
- B. State Revenues: The state-shared revenues are estimated based primarily on previous years' collections. As you may recall, during the 2015 session of the General Assembly changes were ultimately made to the sales tax distribution formula which impacted the amount received by the Town. The legislature this year is now in long session and although it does not appear that more changes to the sales tax allocation formula will be made, the staff will continue to monitor the state's progress on the revenue impact for the Town.
- C. Solid Waste Fees: Monthly garbage collection fees and recycling fees will remain at their current level of \$9.69 for garbage collection and \$4.34 for recycling. There is a

recommended increase for yard waste removal of \$1.00. The current fee of \$2.00 would increase to \$3.00.

- D. Fund Balance: We have not appropriated any funds from Fund Balance, for the purpose of balancing the Town operating budget. However, as in years past funding from the previous budget year for previously appropriated capital expenditures that did not take place are being proposed.
- E. Other Source Financing: No new financing is being proposed within the General Fund operating budget.

Revenues – Utility Fund

- A. Water & Sewer Rates: There is no increase to the water and sewer monthly access fees in the proposed FY 2017-2018 budget. There is a recommended increase of 2% in the actual utility user rates charged to citizens and Holly Springs businesses/industries. This proposed fee increase reflects an increase in water costs to the Town of Holly Springs that is being charged by Harnett County.
- B. Fund Balance: We have not appropriated any funds from Fund Balance.
- C. Other Source Financing: No additional financing is being proposed within the Utility Fund.

Revenues – Stormwater Fund

- A. Stormwater Rates: There is no increase in proposed monthly stormwater fees in the FY 2017-2018 budget.

Revenues – Fiber Optic Telecommunications Fund

- A. The Fiber Optic Telecommunications Fund (FOTF) was established in FY 14-15, following the Town's successful completion of its internet fiber optic network, for the primary purpose of connecting its municipal facilities with high-speed broadband service at affordable prices. Since the existing fiber network far exceeds the Town's current broadband needs, opportunities exist for leasing excess strands of fiber that will generate revenues that can be re-invested in the fiber infrastructure and the maintenance that accompanies it.

Expenditures – General Fund

- A. All capital items have been appropriated, and a list has been provided of each department's requests for your review in the Capital Outlay section of this proposed budget.
- A. Thirteen (13) new positions are proposed in the General Fund: Two (2) Public Works Technicians, one (1) Building Code Inspector, six (6) Firefighters, one (1) Public Facilities Maintenance Technician and three (3) sworn police officers. The officer recommendations are for two (2) additional investigators and a Community Police Officer. More detailed information, as it relates to additional positions' pay grades/salaries/benefits can be found in the Salaries & Positions List section of this proposed budget.

- B. This budget includes contributions to nonprofit organizations of \$15,000 to be designated as the Council so desires, a \$10,000 Platinum membership renewal to the Holly Springs Chamber of Commerce and \$20,000 to the Chamber of Commerce for community/governmental programs, totaling \$45,000.
- C. All debt service requirements have been appropriated in this budget to meet our debt obligations. The statement of debt is included for your review.

Expenses – Utility Fund

- A. All capital items have been appropriated and a list of each department's request is provided for your review.
- B. Six (6) new staff positions are requested in the Utilities Fund: One (1) Engineering Administrative Specialist, one (1) Project Engineer, one (1) Stormwater Engineering Technician, one (1) Senior WRF Mechanic/Operator, one (1) Business Analyst for Utility Billing, and one (1) Assistant Town Manager for the Utility Fund beginning January 1, 2018. The Stormwater position represents an upgrade from a current part-time position to a full-time position.
- C. All debt service requirements have been obligated in the FY 2017-2018 budget. A statement of debt is included for your review. Over the last ten (10) years, we have been placing funds in reserve to cover the cost of the Harnett County Water Plant Capacity debt, as well as the Water Reclamation Facility expansion debt service to accommodate development.

Expenses – Stormwater Fund

- A. No significant changes are noted in the Stormwater Fund. Primary expenses within this fund are for salaries and contract services.

Expenses – Fiber Optic Telecommunications Fund

- A. Expenses associated with the creation of this fund are primarily for the purpose of capital infrastructure expenses and anticipated maintenance/repair costs for the FY 2017-2018 budget.

Other Highlights

The salary requirement for next year includes a market adjustment for full time employees of 2.5%. Funding is provided in each department for merit/performance pay in the amount of 3% of salaries. The salary budget also includes a 5% 401(k) contribution and longevity benefits, as well as a State-mandated Retirement benefit of 7.56% for non-law enforcement personnel and 8.25% for sworn law enforcement officers.

Employee health insurance has been budgeted with no increase in the rates for next year. This is largely due to lower than usual claims and employee education efforts that are initiated by our Human Resources Department.

With the current economic environment and accompanying healthy rate of growth within Holly Springs, our goal is to create a budget that will maintain and improve services to citizens while still controlling the costs for these services. As previously stated, I feel the Town of Holly Springs has a solid and conservative budget for next year capable of achieving this stated goal.

I have included within your budget the departmental worksheets we used in developing this budget proposal. I hope this will provide you with a better overview of the process and issues discussed during the budget-balancing procedure.

As we proceed into the next several years, we will continue to evaluate projects and personnel needs as they relate to the provision of services. We have several substantial projects which will potentially impact all major funds during this fiscal year; therefore, it will be important to prioritize programming needs with future budgets. We will continue to work with members of the Town Council, staff, and our citizens to establish our goals and objectives as the Town grows to provide the level of services expected.

Town staff has been instrumental in the development of this document, and I feel they have done a good job of controlling costs while providing service levels expected by the Town Council and our citizens. This budget is my best estimate of what we should expect next year, and I feel it represents a fair assessment of our anticipated revenues and expenditures.

This budget reflects my recommendations based on department meetings over a three-week period, an evaluation of existing service needs, and input from Town residents and the Town Council. I would like to say a special thanks to our department heads for their time and effort in the preparation of this document. Without their help, this budget could not have been developed to address both present and future service needs.

In closing, the FY 2017-2018 Budget reflects the challenges typically associated with a rapidly growing community, but it also represents the Town's ability to continue investing in its infrastructure and in some cases improve service levels due in large measure to our continued growth. It is important to note that with any budget, external forces can affect our projections and it is for that reason that the figures proposed in the FY 2017-2018 Budget are a very conservative forecast of our revenues and expenditures for the next year.

There were no additions or deletions to the proposed budget. Council members asked questions and got explanations.

Adjournment: There being no further business for the evening, the May 22, 2017 special meeting of the Holly Springs Town Council was adjourned following a motion by Councilman Cobb, a second by Councilwoman Lee and a unanimous vote.

Respectfully Submitted on Tuesday, July 18, 2017.



Town Clerk

