

May 14, 2020 (RECESSED MEETING – BUDGET WORKSHOP)

Minutes of the recessed meeting of the Mayor and Board of Commissioners of the Town of Elkin, May 14, 2020, 3:30 p.m. at the Heritage Center conference room.

Present: Mayor Sam Bishop, Commissioners Cecily McCulloch, Robert Ball, Jeff Eidson, Will Gwyn and Tommy Wheeler.

Also present: Town Manager Brent Cornelison, Interim Finance Director Lisa Salmon, Town Clerk Cathie Tilley, A/P & Payroll Clerk Lori Dexter and *Tribune* Editor Bill Colvard.

Departments Heads attending in the lobby of the Heritage Center: Police Chief Monroe Wagoner, Police Captain Josh Tulbert, Fire Chief Kevin Wilson and Public Works Director Robert Fuller.

Department Heads attending through Zoom: Economic Development/Planning Director Leslie Schlender, Recreation and Parks Director Adam McComb and Finance Director John Holcomb.

Mayor Bishop welcomed everyone and noted the following:

- Board members and others were acknowledged by roll call:
 - o Commissioner Wheeler
 - o Commissioner McCulloch
 - o Commissioner Eidson
 - o Commissioner Gwyn
 - o Commissioner Ball
 - o Town Manager Brent Cornelison
 - o Interim Finance Director Lisa Salmon
 - o Tribune Editor Bill Colvard
 - o Town Clerk Cathie Tilley
- This meeting is being held at the Heritage Center conference room in order to follow Governor Cooper's guidelines regarding social distancing.

Mayor Bishop turned the meeting over to Town Manager Cornelison who gave a Power Point presentation that included but was not limited to:

- I will give you a quick summary of what is going in the proposed budget.
- What you will see is from directions you gave us at the retreat.

CHALLENGES:

- COVID-19
 - o School of Government has provided information from the beginning of this pandemic.
 - o Multiple webinars, blogs, Zoom calls, postings, etc. continue on a daily basis to keep everyone current on all aspects of how COVID-19 is affecting local government.

- Legislation changes daily if not multiple times in a day, so keeping up with everything can be as challenging as the pandemic itself.
- Staff has based elements of the proposed budget using the best guesses from the School of Government information.
- 12% Reduction in Sales Tax
 - This is our best guess with our current situation.
 - Would be looking at a higher percentage if there were not two Wal-Marts in Surry County.
 - Plan to continue monitoring this.
- Reduction in Penalty Fees in Water
 - Governor Cooper's Executive Order No. 124 prohibits utility shut-offs, late fees and reconnection fees and mandates we must provide a payment plan (six months) for any delinquencies that occur during the period beginning March 31, 2020 and ending sixty days afterwards unless the Executive Order is extended.
 - Reduced late fees by 25% in the water budget for next year.
 - This would be a different picture if we had not recently taken over the Gentry Road waterlines from Surry County (serve Weyerhaeuser and Wayne Farms).
- Powell Bill Funding Unknown
 - People are not buying much gas due to the governor's stay-at-home mandate.
 - Plan to cut back on Powell Bill spending.
- Recreation Revenues Unknown
 - Not planning on funds from the pool or day camp (will not have the expenses either).
 - Hope we can open both these next year.

POSITIVES:

- Loss of Incentives and Two (2) Debt Service Payments - \$350,000
 - Last payment for PGW incentive this year.
 - Town Hall and Public Works Building paid off this year.
 - Had this not happened, it would be much different.
- Three Percent (3%) Reduction in Health Insurance: \$46,000
 - Benefits will be about the same with some benefits being better than what we currently have.
- Water Sales from Surry County
 - Briefly reminded everyone how the rates will increase.
- Vitro
 - They temporarily shut down due to COVID-19.
 - Have heard they might shut down July and August for upgrades.

INCLUDED:

- Priorities Were Ordinance and Land Use Plan Revisions, HATC Upgrades and Traffic Islands
 - Ordinance and Land Use Plan Revisions: \$55,000-\$65,000
 - HATC Upgrades – Outside
 - Traffic Islands:

- First project will be the intersection at Bridge Street and Main Street to see how they work.
 - Next project will be the intersection at Bridge Street and Market Street.
 - Might rethink placing islands at the intersection of Bridge Street and Standard Street.
- Leasing of Police Department Vehicles and Two (2) Others
 - Lease 6 vehicles for the Police Department
 - Lease 1 vehicle for Town Hall
 - Current town hall vehicle will go to the Recreation and Parks Department.
- COLA and Years of Service (2nd and Final Year)
 - This year will complete the years of service increase for employees.
- New Finance Director Position
- Board and Attorney Two Percent Increase
- Some Capital Expenditures (hold off on most)

WATER FUND

- Revenues - \$1,503,597
- Expenditures - \$1,472,840
 - Revenue Overage - \$30,757 (back into fund balance)
 - Figured a 10% decline in projected revenue because of Vitro
 - Not recommending an increase in fees
 - There was a brief discussion regarding the request from Jim Ipock about minimum bills

GENERAL FUND

- Revenues - \$5,327,393
- Expenditures - \$5,314,901
 - Revenue Overage - \$12,492 (back into fund balance)
- Increase (decrease) tax rate necessary to have zero balanced budget in General Fund
 - Projected tax base (net)—incl. motor vehicles - \$493,686,490
 - Every 1 cent in tax rate equals - \$49,369
 - Increase (decrease) in tax rate necessary to balance budget – (\$0.003)

CAPITAL OUTLAY INFORMATION

- Capital Projects
 - Plan to hold off until the second quarter to make sure we have revenue
 - Could be January; depends on revenue
 - We could make money with water
 - Sales tax was up before COVID-19
 - Expect we will take a hit in this area
 - Not recommending a tax increase

- Not recommending water rate increase
- Will be putting money back into the Water Fund and General Fund
- Revenue Sources (2021)
 - Current year property taxes (incl MV) - \$2,697,995
 - Prior year property taxes and penalties – (17,500)
 - General Fund interest on investments - \$25,725
 - Garbage and recycling fees - \$278,464
 - Recreation Revenue - \$240,900
 - ABC Revenues - \$50,000
 - Intergovernmental revenues - \$20,600
 - Utility and cable franchise - \$427,000
 - General Fund other revenues - \$360,729
 - Powell Bill - \$125,000
 - Sales tax - \$1,118,480
 - Appropriated Fund Balance - \$0.00
 - Water charges - \$1,275,605
 - Connection fees - \$5,000
 - Water Fund interest on investments - \$7,523
 - Reimbursement for sewer debt service payments - \$169,470
 - Water Fund other revenue - \$46,000
 - Total Revenues - \$6,830,990
- General Fund Debt
 - Pierce 2014 Fire Engine – last payment May 1, 2022
 - Pierce 1993 Ladder Truck Refurbishment – last payment May 1, 2022
- Water Fund Debt
 - Waste Treatment Improvements #1 – last payment April 12, 2021
 - Waste Treatment Improvements #2 – last payment October 15, 2029
 - Raw water intake and other improvements – last payment May 1, 2039
 - Water Plant generator – new debt for FY'21; part might come from Capital Reserve Fund; showing first payment due end of March
- FY'21 Budgeted Capital Projects
 - Requested - \$462,727
 - Recommended - \$206,098 – includes the following:
 - Police vehicles (6) - \$43,223
 - AFISS finger printers - \$20,875
 - Vehicle outfitting - \$20,000
 - eDRAULIC combi tool - \$11,000
 - Sets of turnout gear - \$11,000
 - Viper mobile radios - \$16,000
 - Outdoor pickleball courts - \$14,000
 - Turbidity meter - \$ 20,000
 - Facility meter - \$50,000
 - Total recommended - \$206,098

- Outside Funding
 - o Elkin Jaycees - \$5,000
 - o Elkin Rescue Squad - \$8,200
 - o Foothills Arts Council - \$9,000
 - o Foothills Theatre - \$5,000 (to help fund Foothills Arts Council theatre program)
 - o Elkin Valley Trails Association - \$2,500
 - o Watershed NOW - \$1,500
 - Total - \$31,200
 - o Northwestern Regional Library - \$80,000
 - \$10,000 of this from Lillard Funds
 - Discussed some of their revenues
- Health Insurance
 - o Looked at several companies
 - o Cigna was the most competitive
 - o League insurance was going up about 5% this year

OTHER DISCUSSION

- *Set Budget Hearing*
 - o Plan to have budget message and proposed budget ordinance to the Board for review sometime next week.
 - o Need to set a public hearing to consider the proposed budget ordinance for June 8th.
 - o Commissioner McCulloch made a motion to set a Public Hearing for June 8, 2020, at 6:00 p.m. to consider the 2020-2021 Town of Elkin Budget. Upon a second by Commissioner Wheeler, the motion was unanimously approved.
- *Commissioner Eidson – Leslie Schlender's Salary*
 - o Explained that when Ms. Schlender was hired, the position of Economic Development Director was a new position.
 - Following much discussion regarding funding this position, a memorandum of understanding was approved October 12, 2009, whereby the Elkin TDA would make an annual contribution to the salary of the Town of Elkin's Economic Development Director.
 - o Currently, the Elkin TDA's annual contribution for this position is twenty thousand dollars (\$20,000).
 - Thinks this needs to stop.
 - Suggest spreading this over a period of 4-5 years.
 - Proposing this in case we need to hire a tourism person in the future (this position will have to be paid from somewhere).
 - o Town Manager Cornelison said he would ask Ms. Schlender to keep a record of how much time she currently spends working for the TDA.
 - o This matter can be considered once we have more information.
- *Commissioner Eidson and Commissioner McCulloch – Tri-County Citizens Foundation Property*

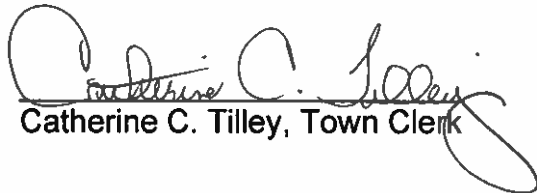
- Foundation owns two pieces of property (Commerce Street and Bridge Street)
- Tri-County Citizens Foundation has been designated as a 501(c)(3) organization (IRS has approved them as a tax-exempt, charitable organization).
- Tri-County Citizens Foundation and Explore Elkin are working together to ensure these properties follow the Town's Master Plan if they are sold.
 - Everyone involved prefers these properties maintain their 501(c)(3) designation.

There being no further business, Commissioner McCulloch made a motion to adjourn. Upon a second by Commissioner Gwyn, the motion was unanimously approved. The Board recessed at 4:30 p.m.



Sam Bishop, Mayor

Attest:



Catherine C. Tilley, Town Clerk