



**May 14, 2018**

**MINUTES**

The Holly Springs Town Council met in a duly-called special session on Monday, May 14, 2018 in the training room of the Holly Springs Law Enforcement Center, located at 750 Holly Springs Road. Mayor Sears presided, calling the meeting to order at 5:30 p.m. A quorum was established as the mayor and all five council members were present as the meeting opened.

**Council Members Present:** Councilmen Tom O'Brien, Peter Villadsen and Dan Berry and Councilwomen Cheri Lee and Christine Kelly.

**Council Members Absent:** None.

**Staff Members Present:** Daniel Weeks, interim 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; 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; Mike Patterson, police lieutenant; Luncie McNeil, public works director; Wayne Wilhelm, public works assistant director; Seann Byrd, water quality director; Kendra Parrish, acting assistant manager and director of engineering; and Aaron Levitt, senior engineer. Other key members of departments also were present.

Mr. Weeks reviewed the Fiscal Year 2018-19 proposed budget highlights that were included in the manager's budget message.

Here are the budget highlights:

**Revenues – General Fund**

- A. **Ad Valorem Taxes:** Figures are based on a 99% collection rate with an approximate tax base of **\$4,660,300,578** (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. Although it does not appear the legislature is proposing more changes to the sales tax allocation formula, 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. The current yard waste fee of \$3.00 will remain at its current level, although service levels are expected to be enhanced, as the purchase of a new leaf vacuum truck is included in the proposed budget.
- 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 recommendation for increase in access fees. The fees will remain at \$12.50 per month. There is a recommended increase of 3.02% in the actual utility user rates charged to citizens and Holly Springs businesses/industries. These proposed fee increases are recommended to help offset a portion of the expected decrease in development fee revenues, resulting from the currently under-review system development fee study by Freese & Nichols. Assuming these proposed fee increases are implemented, using the UNC School of Government's Utility Rate Dashboard, our average utility bill will still be lower than our 50-mile and 100-mile averages for water and sewer utility providers. Aside from a small increase last year, which corresponded to a pass-through rate increase by our water provider Harnett County, the Town of Holly Springs has not increased utility user rates since the 2010-2011 approved budget.

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 2018-2019 budget.

#### **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.

B. Seventeen (17) new positions are proposed in the General Fund:

- two (2) Public Works Technicians in the Public Works Streets Division;
- one (1) Budget Analyst in the Finance Department;
- three (3) Fire Engineers and one (1) Assistant Fire Chief in the Fire Department;
- one (1) Assistant Town Attorney in the Town Attorney's Office. This position represents an upgrade from a current part-time position to a full-time position;
- four (4) Sworn Police Officers and two (2) Telecommunicators in the Police Department;
- one (1) Associate Planner in the Planning Department;
- one (1) Lead Park Maintenance Technician in the Parks & Recreation Department;
- one (1) Transportation Engineer in the Engineering Department;
- 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.

C. 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.

D. 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. Two (2) new staff positions are requested in the Utilities Fund:

- a. two (2) Public Works Technicians in the Public Works Collections Division
- b. 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.
- C. All debt service requirements have been obligated in the FY 2018-2019 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.

#### **Other Highlights**

The salary requirement for next year includes a market adjustment for full time employees of 2.0%. 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 7.81% for non-law enforcement personnel and 8.5% for sworn law enforcement officers.

Employee health insurance has been budgeted with an increase of 1.9% 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.

The FY 2018-2019 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 2018-2019 Budget are a very conservative forecast of our revenues and expenditures for the next year.

After the budget overview, there was much discussion. Council members asked questions and received answers. In the end, there were some minor adjustments, but no substantial additions or deletions to the proposed budget.

Among the adjustments were directions to add \$10,000 to the Public Works line item to buy a chipper in order to add features of other trucks; to add 10 recycle bins at Ting Park; to use in-house talent as much as possible to reduce the cost of contract and consulting services; to move the funds designated for design of the new Public Works facility from advertising to the 12.05 account; and to incorporate the development fee study resulting rates to the projected revenues, following the public hearing in June.

The finance department will incorporate all Council-directed changes into a final version to be presented June 19 for public hearing and approval.

**Adjournment:** There being no further business for the evening, the May 14, 2018 special meeting of the Holly Springs Town Council was adjourned.

Respectfully Submitted on Tuesday, June 19, 2018.

  
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Toni Powell  
Town Clerk

