

**Town of Mocksville
Budget Workshop Meeting
March 16, 2021**

The Town of Mocksville Board of Commissioners met for a Special Meeting on Tuesday, March 16, 2021 at 5:30 PM in the Mocksville Town Hall building located at 171 South Clement Street.

Present:	Mayor, Will Marklin	Absent:
Commissioners Present:	Amy Vaughan-Jones	
	Rob Taylor	
	Justin Draughn	
	Brian Williams	
	Eric Southern	

Others Present:

Lynn Trivette, Interim Town Manager
Emily Quance, Deputy Town Clerk
Robert Bennett, Agency Head PD
Ken Gamble, Future Town Manager (May 3, 2021)
Brian Moore, Public Services Director
Tami Langdon, Community Development
Rustin Harpe, Parks and Grounds
Frank Carter, Fire Chief
Chuck Willis, Willis Engineer

Mayor Marklin called the meeting to order welcoming everyone in attendance.

The Town of Mocksville Board paused for a moment of silence.

On March 16, 2021, Departmental Presentations were presented to the Board among other budget documentation to generate discussion questions in order to complete a budget draft for the May meeting.

Chuck Willis from Willis Engineers addressed the Board discussing capital projects for the Enterprise Fund.

Miscellaneous Improvements

Various minor site and mechanical improvements would significantly increase the safety and improve process operations around the WTP. These improvements would include replacement of valves for the fluoride feed system, replacement of handrails, and installation of eyewash stations. The total estimated cost for the work under this section is \$200,000.

Water Distribution

Avgol Drive Water Line – Grant Funded

There has been growing concern over the last several years regarding the lack of redundant water service to customers located along Eaton Road and Hwy 601 south of the railroad. Water loss to this area would not only result in interruption of service but could also pose a significant threat in the event of a fire. In order to provide redundant service to these customers it is recommended that the Town install

approximately 1,800 feet of new 12-inch water line from Duke Street to the existing water line on Avgol Drive. The estimated cost of this work is \$400,000. The design work for this project was undertaken in FY21.

Water Line Replacement Program

The distribution system is one of the Town's largest assets. There are several water lines within the Town's distribution system that are well beyond their typical rated lifespan. It is recommended to begin an annual Water Line Replacement Program that will replace approximately 1/2% of the existing distribution system every year. The Town should first prioritize the problematic areas of the system as well as areas with older piping. As the Town replaces and improves their distribution system, it is essential that they also maintain updated records. The anticipated cost of this program is \$250,000 per year.

Wastewater Collection

Bear Creek Pump Station Upgrades

The additional wastewater flow from the Leonard Creek Pump Station will require additional pumping capacity at the Bear Creek Pump Station. The Bear Creek Pump Station already has the piping in place for this pump addition. The overall cost of this additional pump would be approximately \$200,000 and would add the required capacity to receive the wastewater from the proposed Leonard Creek Pump Station and increase pump station reliability. The design work for this project was undertaken in FY21.

Leonard Creek Pump Station and Force Main – Grant Funded

The Town wishes to preserve as much capacity as possible in the Dutchman's Creek WWTP. The proposed Leonard Creek Pump Station will redirect some of the Town's wastewater to the Bear Creek Pump Station, which will ultimately convey this wastewater to Davie County's Cooleemee WWTP instead of the Town's Dutchman's Creek WWTP. This flow will include the new Brakebush Brothers facility which will produce a higher quantity of wastewater with significant organic content compared to the House of Raeford facility. The Leonard Creek Pump Station and Force Main will have two 400 gallons per minute (gpm) submersible pumps and 9,100 feet of 8-inch force main. The overall cost of this pump station and force main would be approximately \$2,350,000. The design work for this project was undertaken in FY21.

Sewer Line Replacement Program

The collection system is one of the Town's largest assets. There are several sewer lines within the Town's collection system that are nearing the end of their typical rated lifespan. It is recommended to begin an annual Sewer Line Replacement Program that will replace approximately 1/2% of the existing system every year. The Town should first prioritize the problematic areas as well as areas with old piping. As the Town replaces and improves their collection system, it is essential that they also maintain the GIS system. The anticipated cost of this Sewer Line Replacement Program is \$250,000 per year.

- Bulk Sodium Hydroxide Tank for Dutchman's Creek WWTP -\$100,000 (WWTP)
- Truck \$38,500 (WTP)

Josh Powers and Justin Turbyfill from Envirolink addressed the Board presenting capital items and operation expenditures for the water treatment plant.

Chemtrac Lab Benchtop Charge Analyzer \$11,000

Lab benchtop analyzer is used to measure positive /negative charges of the raw vs treated water for proper coagulant dosages.

Flash Mixer Replacement \$15,000

The current flash mixer has aged and nearing the end of its life expectancy. This equipment provides critical mixing of the coagulated treated water to create flocculation for the settling process of treatment in the settling basin.

Variable Frequency Drive \$30,000

This equipment is used in operations to control the volume of flows through a pump by using hertz and percentages. This device could help pumps run more efficient and save energy cost by allowing it to be adjusted to lower percentages if needed to supply the distribution system.

- Chemicals \$184,000
- Sludge Removal \$115,000
- Equipment Repairs \$46,000
- Envirolink contract \$250,000
- Filter Plant 2 pumps-Mixer \$42,000
- Lab Analysis \$22,500

Josh Powers and Chip White from Envirolink addressed the Board presenting capital items and operation expenditures for the wastewater treatment plant.

Spectropotometer \$5,500

This device is used for measuring total chlorine of wastewater sampling at Dutchman Creek WTP. It will replace the current model in the lab due to aging of the instrumentation used for state compliance analysis sampling.

- Chemicals \$175,000
- Sludge Removal \$175,000
- Equipment Repairs \$20,000
- Envirolink contract \$250,000
- Filter Plant 2 pumps-Mixer \$42,000
- Lab Analysis \$7,500

Interim Town Manager Trivette gave an overview of FY 2021-2022 Water and Sewer Enterprise Fund.

Forecast of revenues including a 7% increase \$3,878,230.

As part of the Water Supply Study that the Board approved last year, the chart below is the comprehensive rate study from Raftelis, Inc. that provided an independent analysis of current and future rates needed.

Water Rate Increases													
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	10-year Average	State Average	National Average
Mocksville	7.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.2%	4.0%	5.0%
Davie County	2.25%	7.50%	7.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	3.30%		

Just a few examples that can effect water and sewer revenues during the year.

- COVID-19 and businesses closed last year
- Credits given during the year
- Replacing meters that are not working
- Estimating usage for all customers
- Economic Development
- Vacancy

Forecast of departmental requests and operational expenses \$4,443,940.

Just a few examples that can effect water and sewer expenditures.

- Debt Payment WWTP Loan \$223,040 starts in May 2021.
- Chemicals for both plants increasing
- Sludge for both plants increasing
- Contract W/DC WWTP (the town sends sewer to Cooleemee from Bear Creek) increasing
- Envirolink contract for both plants increasing by 4%

The difference in revenues and expenditures for the first look is \$565,710. It would take a 19% increase in water and sewer rates to make up this difference.

The Board will be weighing out all options for budgeting purposes within the next 30 to 45 days.

General Fund

Director of Public Works, Brian Moore addressed the Board presenting his capital item and discussing street paving. Brian Moore also budgets for water and sewer operational expenditures.

- Paving of Town Streets \$100,000 (public works has a prioritized list they work from for paving streets)
- Replacing a service Truck \$38,500

Director of Parks and Grounds, Rustin Harpe addressed the Board presenting his capital items.

- Replacing the roof on the building at the maintenance shop. It is 30 years old and the current roof has developed leaks over time. The new roof would be constructed of multi rib metal. \$15,000
- 2021 Chevrolet 1500 truck, which will be a four wheel, drive double cab. \$30,000

Director of Community Development, Tami Langdon addressed the Board presenting her capital items.

- Wayfaring Signage North and South Main Street – J.M. Teague Engineering \$20,000

The importance of a well-designed town is critical to the “image” of Downtown. The image creates an invitation to do all those activities plus to patronize our retail, dining, services and destinations.

- Planters for North Main Street \$4,100
- Tree Grates and Frames \$4,200
- Increasing the façade grant by \$1,000.

FY 2020/2021 expenditures to date \$11,553 – These funds include 12 grants to merchants as of this date.

Fire Chief, Frank Carter addressed the Board presenting his capital items.

- Four full time shift positions working a 24 on 48 off rotation includes wages and benefits estimated \$203,000.
- Staffing goals are a minimum of three on duty per day with a max of five. Current part time staff would make up the difference.

Current challenges with part-time, recruitment, and being compliant with employment laws. MFD is trying to staff 24 hour per day 7 days per week.

- 1,000-hour rule-if an employee works in a position that requires 1000 hours per calendar year, employee must contribute to retirement system.
- Affordable Care Act (ACA) 30 per week rule – if an employee works an average of 30 hours per week, must offer health insurance.
- Over time after 106 hours in two week pay period
- Cannot work for the Town of Mocksville Fire Department as a part time employee and be a volunteer for the Town of Mocksville at the same time (per FLSA).

Recruitment of Part – Time Firefighters

- Raise starting pay for entry-level firefighters to \$14.36 per hour. Current entry-level firefighter pay is \$11.36 per hour.
- Apply \$3.00 per hour increase to all current pay ranges. This avoids compression of current employees.
- Estimating changes above \$106,000 including five new part-time hires.
- Seek other incentives for staff recruitment and retention.

PTRC completed a pay study (comparison to other towns our size) in FY 2016-2017 and this became a part of the towns personnel policy. The classification pay study in the personnel policy would need to be amended.

Current squad truck nearly overloaded due to firefighting equipment carried.

- Purchase 1 ton crew cab 4 x4 pickup truck with camper shell \$70,000
- Surplus current brush truck and apply funds toward project \$12,000

In 2019, the Board of Commissioners approved the establishment of Capital Reserve Funds for the General Fund. Capital Reserve Funds serve as a long-range financial planning tool to finance future capital projects. With the proposed budget for FY 2021-22 we have included \$50,000 for the future purchase of a fire truck.

These funds can of course, be used for other types of capital projects at the discretion of the Board but they cannot be used for personnel or operational expenses in future budgets.

Revenue received from Davie County for fire protection is estimated at \$413,000.

Agency Head of the PD, Robert Bennett addressed the Board discussing a capital item.

Police Vehicle Lease Program

The Program is a 5-year lease agreement with Enterprise Fleet Management

First Year was four vehicles, credited with older vehicles sold to Enterprise.
Second thru Fifth, years are for five vehicles per year.
Vehicles are each for 5 years or 100,000 miles.
No mileage restrictions.
No penalties for ending lease early.

Can:
Stop adding vehicles at any time.
Reduce number of vehicles per year.
Turn in part or all vehicles.

Ending lease would greatly reduce available vehicles,
Stopping lease with current number would still require additional vehicles be purchased in near future.
Reducing number of vehicles leased for several years would give Town opportunity to plan for replacements to be purchased.

Cost over the next four years are difficult to estimate, as possible credits are unknown. If nothing is subtracted or credited payments would be as follows:

2020	146,485	9 vehicles
2021	183,390	14 vehicles
2022	247,266	19 vehicles
2023	291309	24 vehicles

With no additional vehicles, the price would come down as vehicles end their 5-year cycle.

Interim Town Manager Trivette gave an overview of FY 2021-2022 General Fund.

The General Fund is the Town's general operating fund and includes all operations except for those incorporated in the Water and Sewer Enterprise Fund, which are statutorily required to be established as Proprietary Funds. The General Fund is the Town's largest fund and expenditures are projected to be \$6,055,195 for FY 2021-22.

In the new FY 2021-22 landfill and recycle will cost the town \$347,000. Currently the revenue to the town from the customers is \$158,088/\$14.00 bi-monthly. That is a difference of \$189,706, which is an expense to the town. \$30.00 to \$32.00 bi-monthly would make up the difference in cost.

All insurances is estimated, renewals are complete in April and May.

Legal Fees increasing.

Budgeting for election year.

Recommending a 2% COLA in January 2022.

Ad Valorem (real property) taxes account for the largest source of revenue for the General Fund and make up 43% of all General Fund revenues. .01-tax increase would mean an additional \$98,707.

Ad Valorem tax rate is proposed at 29 cents (\$0.29/\$100) and projected to generate \$2,862,500 for FY 2021-22. Revaluation year estimated an increase of \$263,788.

Sales and Use tax are projected to be \$1,035,000 a decrease of \$260,000 eliminating Davie County sales tax in FY 2021-22. Franchise Tax is projected at \$482,000. These projections will have to be monitored.

The General Motor Vehicle Tax of \$15 is projected to generate \$73,000 for FY 2021-2022.

Based on our most recent audit for the period ending June 30, 2020, available fund balance was \$4,608,967 or 84% of General Fund expenditures.

The Town Board has set its fund balance goal at 70%-75% of General Fund expenditures.

The Town is currently budgeted to expend \$ 275,160 on debt service in the General Fund for FY21-22. This amount includes the debt incurred in 2018 for the purchase of the fire truck, REDLG Loan through the USDA to extend utilities to Gildan in 2015 and REDLG Loan in 2020 for Economic Development Project with Davie Industrial Center, LLC. The fire truck is the first issuance of debt for the Town since 2015 and it is scheduled to expire in 2023. The first REDLG loan is scheduled to expire in 2026 and the second REDLG loan is to expire in 2030.

Our General Fund revenue projections for the upcoming year are \$5,590,300, which leaves a funding gap of \$464,895 between requested expenditures and projected revenues.

To balance last year's budget the Board appropriated \$250,000. I would like to see the town balance the budget with zero fund balance but I think a reasonable projection for FY 21-22 is to appropriate \$250,000.

The Board will be asking questions regarding departmental requests, landfill and recycle, funding outside agencies (Arts Council \$27,000, Library \$43,500, Cognition \$10,000, Ignite Davie \$10,000 and YVEDDI.

The Board will be weighing out all options for budgeting purposes within the next 30 to 45 days.

A motion was made by Commissioner Taylor to add the Town Manager Ken Gamble's contract to the agenda for approval. The motion was seconded by Commissioner Southern which carried by a unanimous vote 5-0.

A motion was made by Commissioner Taylor to approve the Town Manager Ken Gamble's contract as written with a starting date May 3, 2021. The motion was seconded by Commissioner Williams which carried by a unanimous vote 5-0.

Motion to enter closed session per NC GS 143-318.11 (a) (3) and (6), to preserve the attorney-client privilege to discuss personnel.

A motion was made by Commissioner Williams to enter into close session. The motion was seconded by Commissioner Taylor and approved by a unanimous vote 5-0.

A motion was made by Commissioner Taylor to re-enter into open session. The motion was seconded by Commissioner Williams and approved by a unanimous vote 5-0.

Adjourn

A motion was made by Commissioner Williams to adjourn the March 16, 2021 Special Board Meeting. The motion was seconded by Commissioner Draughn which carried by a unanimous vote 5-0.

William J. Marklin, Mayor

Emily Quance, Deputy Town Clerk

March 16, 2020