

**Town of Mocksville  
Special Board Meeting  
April 30, 2024**

The Town of Mocksville Board of Commissioners met for the Special Board Meeting on Tuesday, April 30, 2024 at 6:00 p.m. at the Mocksville Town Hall located at 171 S. Clement Street.

|                               |  |                           |
|-------------------------------|--|---------------------------|
| <b>Present:</b>               | Mayor, Will Marklin  | <b>Absent:</b> Rob Taylor |
| <b>Commissioners Present:</b> | Jenny Stevenson<br>Johnny Frye<br>Justin Draughn<br>Carl Lambert |                           |

**Others Present:**

Ken Gamble, Town Manager  
Lynn Trivette, Town Clerk  
Chris Vaughn, Parks and Grounds Director  
Brian Moore, Public Works Director  
Emily Quance, Human Resource Director, Deputy Clerk  
Rana Gaither, Administration Specialist Lead  
Andy Lipscomb, Assistant Fire Chief

Mayor Marklin called the meeting to order.

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

Mayor Marklin led the Pledge of Allegiance.

**Adoption of Agenda**

*A motion was made by Commissioner Draughn to adopt the agenda as written. The motion was seconded by Commissioner Stevenson which carried by a unanimous vote 4-0.*

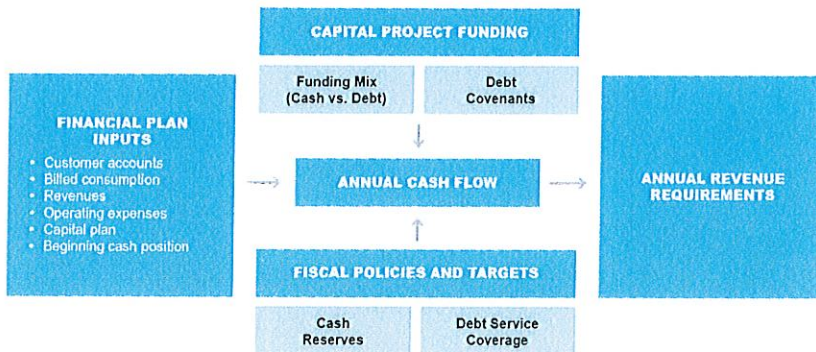
**NEW BUSINESS**

**A. Raftelis Water and Sewer Rate Study Presentation-Elaine Vastis**

## Study Objectives

- Develop a financial plan that will:
  - › Provide a road map to ensure future financial sufficiency
  - › Meet the Town's policies and objectives
  - › Create an optimized capital financing plan

## Financial Plan Update



## Cost Drivers – O&M

- Operating and maintenance (O&M) costs have increased 18% from FY 2019 to FY 2023 due to COVID-19 and inflationary pressures, similar to national water/sewer industry
  - › FY 2024 budget and costs to-date are 9% higher than FY 2023
- O&M over the five-year forecast period anticipated to increase significantly
  - › Doubling the amount of sewer flow to Davie County in FY 2025
  - › Begin to purchase water from Davie County in FY 2026 and cease water treatment operations

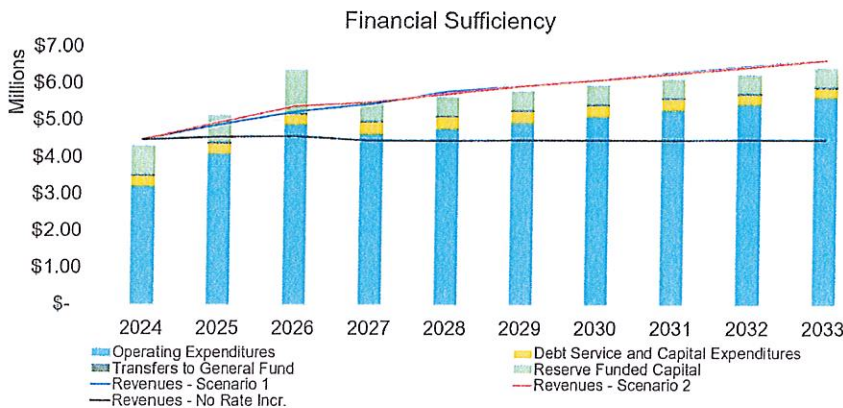
## Cost Drivers – Capital Costs

- Funding of 10-year capital improvement plan (\$24.5M)
  - › \$6.2M in reserve
  - › \$0.3M in debt funding
  - › \$18M in estimated grant funding

# Cost Drivers – Financial Metrics

- Maintaining fund balance (\$1M or more)
- Debt service coverage ratio
- Work toward self-sufficiency of water and sewer system

## Revenues Needed for Financial Sufficiency



\* Need rate increases to achieve financial sufficiency and meet capital infrastructure needs

## TWO SCENARIOS of RATE ADJUSTMENTS

### SCENARIO 1:

- Lower sewer increases in first few years
- Use more reserves to allow for lower sewer rate increases
- Slightly lower debt service coverage

### SCENARIO 2:

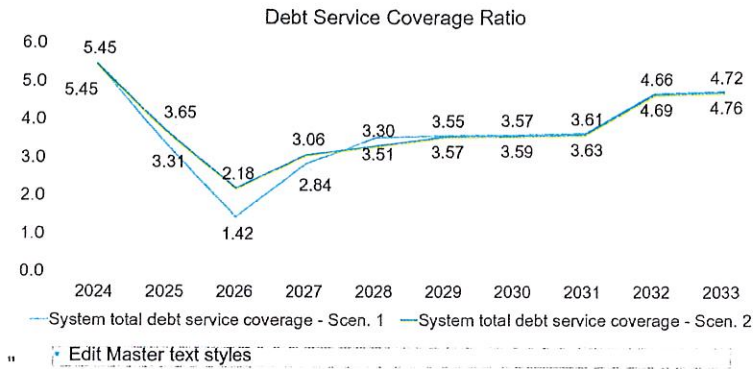
- Higher sewer increases in first few years
- Allows fund balance to be healthier
- Slightly stronger debt service coverage

## Rate Increases – Scenario 1 and 2

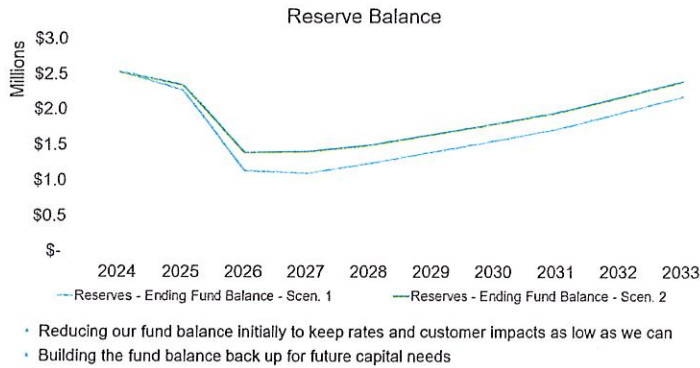
| Rate Increases     | 2024 | 2025  | 2026  | 2027  | 2028  | 2029 | 2030 | 2031 | 2032 | 2033 |
|--------------------|------|-------|-------|-------|-------|------|------|------|------|------|
| Water - Scenario 1 | 3.0% | 6.0%  | 6.0%  | 4.0%  | 3.0%  | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Sewer - Scenario 1 | 3.0% | 10.0% | 10.0% | 10.0% | 10.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Water - Scenario 2 | 3.0% | 6.0%  | 6.0%  | 4.0%  | 3.0%  | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Sewer - Scenario 2 | 3.0% | 14.0% | 14.0% | 5.0%  | 5.0%  | 5.0% | 3.0% | 3.0% | 3.0% | 3.0% |

\*\* Need rate increases to achieve financial sufficiency and meet capital infrastructure needs

## Debt Service Coverage



## Operating Reserve Balance



## Water and Sewer Bi-Monthly Bills

### SCENARIO 1

|               | 2024     | 2025     | 2026     | 2027     | 2028     | 2029     | 2030     | 2031     | 2032     | 2033     |
|---------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Combined Bill | \$139.77 | \$151.11 | \$163.43 | \$175.33 | \$187.47 | \$193.09 | \$198.88 | \$204.85 | \$211.00 | \$217.33 |
| Dollar Change | \$4.09   | \$11.34  | \$12.32  | \$11.90  | \$12.14  | \$5.62   | \$5.79   | \$5.97   | \$6.15   | \$6.33   |
| % Change      | 3.0%     | 8.1%     | 8.2%     | 7.3%     | 6.9%     | 3.0%     | 3.0%     | 3.0%     | 3.0%     | 3.0%     |

### SCENARIO 2

|               | 2024     | 2025     | 2026     | 2027     | 2028     | 2029     | 2030     | 2031     | 2032     | 2033     |
|---------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Combined Bill | \$139.77 | \$154.07 | \$170.04 | \$177.81 | \$185.16 | \$192.83 | \$198.61 | \$204.57 | \$210.71 | \$217.03 |
| Dollar Change | \$4.09   | \$14.30  | \$15.98  | \$7.76   | \$7.35   | \$7.67   | \$5.78   | \$5.96   | \$6.14   | \$6.32   |
| % Change      | 3.0%     | 10.2%    | 10.4%    | 4.6%     | 4.1%     | 4.1%     | 3.0%     | 3.0%     | 3.0%     | 3.0%     |

NC  
W/S Average  
at 4 kgal.  
\$153.92

<sup>11</sup> Average monthly residential consumption is about 4kgal.



MSRB REGISTERED  
**MUNICIPAL  
ADVISOR**

**Raftelis is a Registered Municipal Advisor within the meaning as defined in Section 15B (e) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder (Municipal Advisor Rule).**

However, except in circumstances where Raftelis expressly agrees otherwise in writing, Raftelis is not acting as a Municipal Advisor, and the opinions or views contained herein are not intended to be, and do not constitute "advice" within the meaning of the Municipal Advisor Rule.

## Staff Recommendations

### Water and Sewer Rate Recommendations

| Rate Increases     | 2024 | 2025  | 2026  | 2027  | 2028  | 2029 | 2030 | 2031 | 2032 | 2033 |
|--------------------|------|-------|-------|-------|-------|------|------|------|------|------|
| Water - Scenario 1 | 3.0% | 6.0%  | 6.0%  | 4.0%  | 3.0%  | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Sewer - Scenario 1 | 3.0% | 10.0% | 10.0% | 10.0% | 10.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |

- Implement rate increases to achieve financial sufficiency and meet debt obligations
  - › Impact on average residential customer will be an increase of
    - FY 2025: \$11.34 (8.1%) versus \$14.30 (10.2%) bi-monthly
    - FY 2026: \$12.32 (8.2%) versus \$15.98 (10.4%) bi-monthly
  - › Avoid a higher rate shock for FY 2025 and FY 2026
- Water/sewer rate increases are needed to fund future operating and capital needs of the water and sewer utility
- Water/sewer rate adjustments required over next several years are similar to those experienced across NC

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## Questions and Discussion

Town Manager addressed the Board.

The capital projects that are included are the ones necessary for operations of the utility.

Two projects going out to bid in May; North Tank and Southpoint Pump Station; between these two projects we have secured about \$5,000,000 in grant funding; so taking these projects out and not doing them does not make financial logic to staff. These are the projects that will provide the infrastructure for development at the Cana Road site, Blackwelder property and address water pressure issues on the north side of 40.

Mayor wanted to know how we compared to the County. Raftelis said we were in line with the County. They are looking at increases on the water side; might not be exactly 6% but they are increasing.

Staff recommends scenario 1. 6% water and 10% sewer -8.1 total impact

Commissioner Draugh asked; what is the possibility of increasing the higher users more than the resident's rate? Expenses are coming from those higher users.

Town Manager said the Board would need to direct staff to research this option. Higher users generally get bulk rates not higher rates. Example Brakebush is a huge user on the system with water and sewer; you need to be very careful placing most of the financial responsibility on an industry; remembering the past fire that burned down the plant and you had to deal with the lower usage; then having to crank rates back up higher. Be careful how you assign the burden in supporting the system. The expenses are coming from the higher users but so are the revenues. Needs to make sense and well thought out.

Brakebush and Gildan are the two highest. Chuck says this is risky. Gildan is a heavy water customer not sewer.

Raftelis said you need to look at customer to see if they are being consistent or peaking on the system.

Per the Board's direction, they would like to explore a rate structure that charges more to heavy users. Staff will set up a call with Raftelis to discuss how we would need to set up a rate structure that ensures equity while increasing revenues?

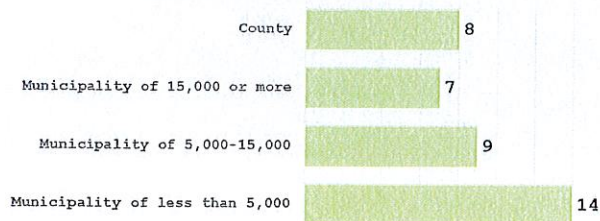
## B. FY2024-25 Budget Discussion

Town Manager addressed the Board.

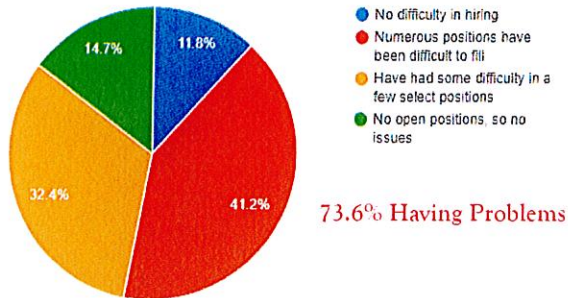
FY24-25 Budget –COLA and Fire Department Growth

1. Pay Study was approved by the Board FY22-23 and it is not approved annually. The pay study developmental pay is to be competitive with the market. All developmental % are different based on performance and where the employee stands towards his or her mid-point of the pay study. FY26-27 another pay study is due (every 5 years).
2. COLA is voted on annually and reflects the cost of inflation only.
3. Staff has not recommended a merit proposal in the past. (Merit is when you exceed during the year and it is strictly based on performance).

### Participation by type of jurisdiction



· Have you had difficulty in filling staff vacancies or new positions?



What results have come from the exit interviews?

(Public Works some find that they do not like the job)

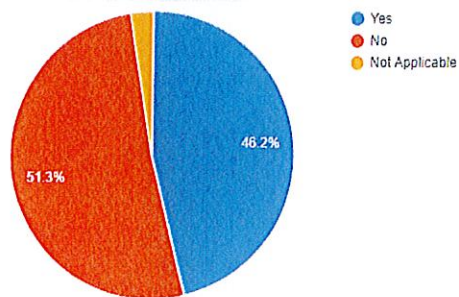
(Fire Department they want a larger organization and more excitement)

Are they using the Mocksville Fire Department for a training ground?

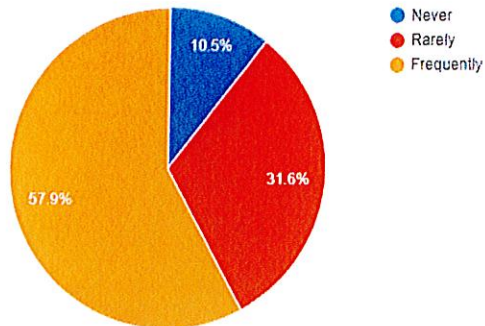
Can they work their way up?

Dropping the tax rate .01 would decrease the revenues in General Fund \$115,000.

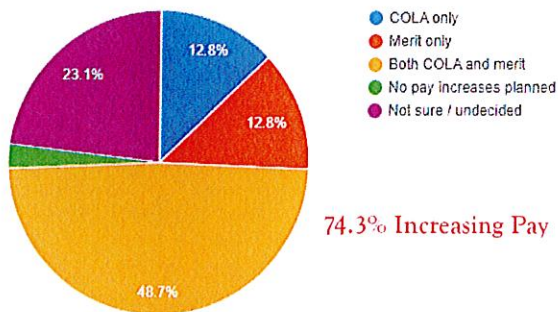
Have you had to increase wage rates above what was projected in last year's budget?



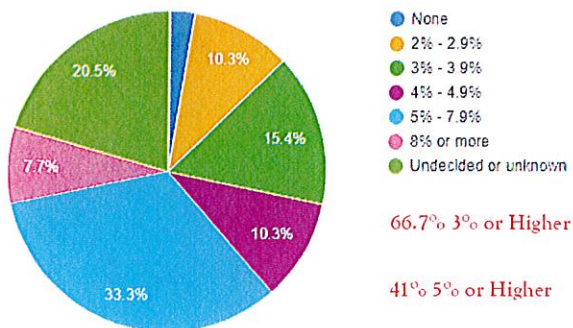
## How frequently are you making offers / hiring above minimum?



## In the upcoming budget year, does your organization plan to provide:



## Amount of salary increase planned



# WHAT IS THE PURPOSE OF A COLA?

- Increase in benefits or salaries to counteract inflation.
- One of several retention tools.



- A COLA is not:
  - Market Adjustment
    - Next Pay Study Due 2027
    - Keeps salaries more competitive and results in lower market adjustments.
  - Bonus
  - Merit Raise

## Inflation vs. Cost of Living 5 Year Trend

- INFLATION= 19.10 %
- TOWN COLA = 16%
- DIFFERENCE = 3.1%

| Year                | AVERAGE US INFLATION % | TOWN COLA % |
|---------------------|------------------------|-------------|
| 2019                | 1.8                    | 2           |
| 2020                | 1.2                    | 2           |
| 2021                | 4.7                    | 2           |
| 2022                | 8                      | 5           |
| 2023                | 3.4                    | 5           |
| <b>5 Year Total</b> | <b>19.10%</b>          | <b>16%</b>  |

## PROPOSED COST OF LIVING ADJUSTMENT – GENERAL FUND - \$45,997



Percentage of GF Budget:  
0.6%

**Reasonable & Data Driven:**  
Brings staff pay slightly under inflation rate.  
Consistent with our strategic plan.

**Sustainable:**  
Supported through strong revenues and tax base.

1. Pay as we grow; equipment, personnel and services
2. Strong revenues
3. Strong tax base
4. Growing tax base
5. Low tax rate
6. Building fund balance
7. Accomplishing all priorities

**Strategic Goal 10: As an employer of choice, we will retain and recruit a highly skilled workforce.**

Focus Area: Organizational Excellence

|      |  |  |      |   |
|------|--|--|------|---|
| 10.2 | Provide competitive pay and benefits that retains and recruits top talent. |  | 10.4 | Enhance recruitment tools, incentives, and/or benefits to attract a skilled workforce in difficult to fill positions. |
|------|--|--|------|---|

The million dollar fire truck does not drive itself and we need skilled people to drive that truck. People are our most important resource. We need to make sure we are taking care of them.

## PAY COMPARISONS – DAVIE COUNTY

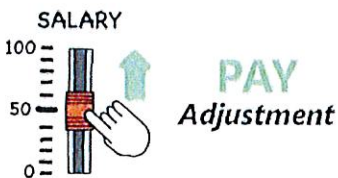
- EMT - \$43,809  
- (Firefighter & EMT - \$38,474 - Requesting \$44,538)
- Administrative Support - \$37,844  
- Administrative Specialist - \$34,902
- Water Department Line Maintenance - \$34,538  
- (Public Works Tech & Parks & Grounds Tech - \$31,657)



Vacancy over a year.

## FY 2024-25 STAFF ADJUSTMENT PROPOSAL - DAVIE COUNTY

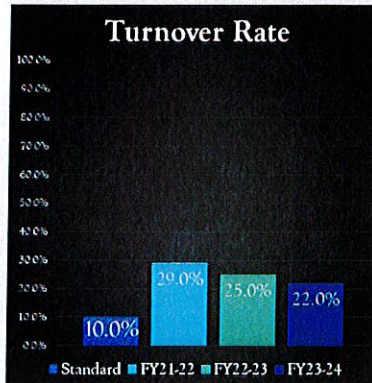
- Internal Classification & Realignment to Market Pay  
- Avg 6.25% Across Organization



## RETAIN EMPLOYEES

Turnover Rate Goal: 10% or less

- FY21-22: 29%
- FY22-23: 25%
- FY23-24: 22% (July-April only)



The goal is 10%.

## RETENTION BONUS - \$32,781

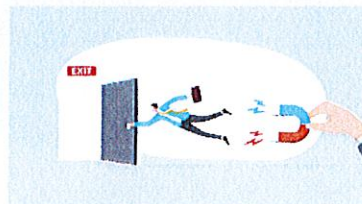
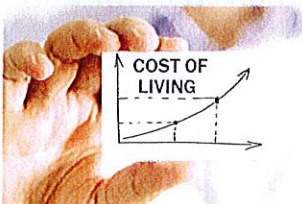
- Percentage of GF Budget - 0.45%
- Currently: **Retention Rate Significantly Below 10% Goal**
- Proposed: Retention Bonus
  - **2% Retention Bonus** to be applied to Full-Time employees rated "Meets Expectations" for FY24-25 evaluation period.
  - Bonus to be provided at the end of the budget year (June 2025)



This is outside the pay study, outside the COLA and looked at annually. If we get retention down to 10% which is our goal than this would go away.

## PROPOSED COST OF LIVING ADJUSTMENT & RETENTION BONUS – ENTERPRISE FUND

- 3% COLA
  - \$11,999 (0.22% of EF Budget)
- 2% Retention Bonus
  - \$9,276 (0.17% of EF Budget)



Mayor asked: What results have come from the exit interviews?

- (Public Works some find that they do not like the job)
- (Fire Department they want a larger organization and more excitement)

Mayor asked: Are they using the Mocksville Fire Department for a training ground?

- (It's possible) (Unless they want a small more relax fill of Mocksville)

Commissioner Stevenson asked: Can they work their way up on the pay scale?

- (They do have the ability to work their way up)
- (Career ladders and rank structure)

Town Manager -Not going to cure everything with money but when you have a vancy for a year we have to try something. Chief has changed the work schedule, advertised, career fairs.....

Commissioner Lambert says sorry for the questions but we have citizens blowing our phones up complaining about expenses at city hall. So we are having to ask the tough questions. We are taking the heat on a tough economy when other people are not getting COLA's and citizens are saying Commissioners pump the breaks. We want to explain to the citizens what we are looking at. If we pull the COLA out will the employees still have a deveopmental raise? We are trying to get our heads wrapped around all the numbers to make the right decisions. I do agree with the 2.5% for the P-T fire fighters because they fill the gap while trying to fill the vacancies. The 2% retention is a one time bonus?

Town Manager-Yes developmental will still exist. Yes the 2% retention is a one time bonus.

Commissioner Draughn has had several phone calls also.

Commissioner Steveson says what does the future look like when we have to hire more F-T fire fighters because we are growing at \$44,000? Is it doable and susitanable?

Town Manager-We are taking the growth and applying it to our needs in this years budget. Example: Putting \$300,000 in our capital reserve so when the fire engine in built in 3 years we are paying for it I full and no debt. No need to raise fire tax; no need to raise taxes and we are building fund balance.

Dropping the tax rate .01 would decrease the revenues in General Fund \$115,000.

## Raise Starting Pay - \$47,000

- 2 FT Positions Vacant for Over 1 Year
  - Using all advertising available.
  - Only 7 qualified applicants over 3 processes.
  - Have changed work schedule in effort to attract applicants.
- Raise starting salary from \$38,474.00 to \$44,538.86



## Apparatus Replacement Strategy

- Increase Capital Reserve

Fund from \$50,000 to  
\$300,000

- Interest Income  
(\$180,000)
- Ad Valorem Growth  
(\$70,000)
- Fire or Property Tax  
(Only if Needed)



## Property Tax vs. Ad Valorem Growth

▶ 1¢ Generates -  
\$113,755

▶ \$250,000 = 2¼¢

▶ \$250,000 in Ad  
Valorem Growth

▶ \$86,206,897 in Tax  
Base Value

## Engine 1 - \$1,082,980

- Ordered 3/7/24
  - Est. Delivery 3/7/27
- FY23-24 Capital Reserve
  - 379,000
  - 1,279,000 FY26-27



## Station 2 Property Acquisition

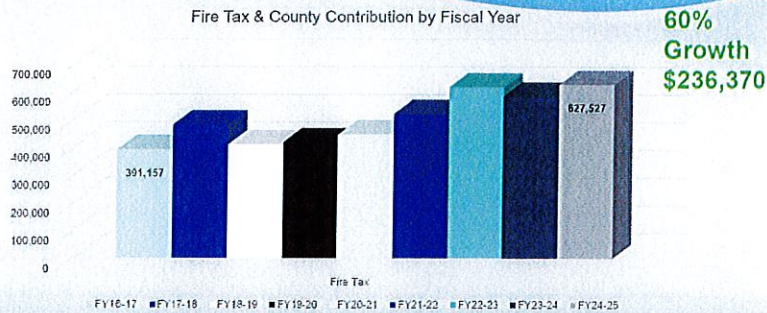


- FY24-25
  - Identify Sites Consistent w/ Study
  - Budget \$196,200

If your not planning behind the growth then you will be behind the eight ball.

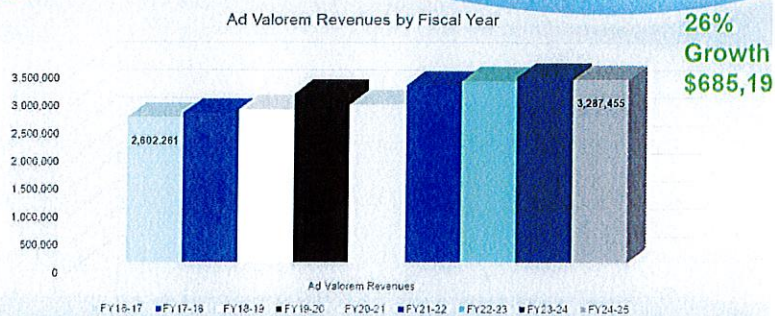
## Fire Tax & County Contribution Growth FY 2016-17 – FY 2024-25

Fire Tax & County Contribution by Fiscal Year



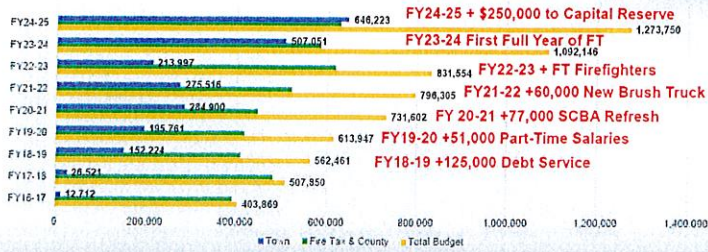
## Ad Valorem Growth FY 2016-17 – FY 2024-25

Ad Valorem Revenues by Fiscal Year



## Fire Department Budget Growth FY16-17 through FY24-25

Fire Department Budget by Revenue Source



Mayor -How about the fire tax paying for all of the Fire Department expenses? If the citizens were not paying fire tax and town tax. It is easier to tell the citizen that the fire tax is paying for the fire department. It would be smart to do this before a new fire station.

Commissioner Lambert -How about a district fire tax? We need new sidewalks. A fair question (raises) for the tax payer because they are facing the same inflation as the town employees.

Commissioner Draughn-Tax payers are not getting raises and they see what we do for the town and that is why they are having issues.

Town Manager –The County has a role in this and we would have to go to the County Board and let them know we would like to create a fire district (a taxing district). If you wanted to change the tax rate you would have to go through the County Board annually. Citizens would have to vote on it. The budget can still be changed but we have to have a Board consensus to make any changes.

Commissioner Lambert -Dropping the tax rate .01?

Town Manager- Would need to decrease the revenues in General Fund \$115,000. The vehicle tax was \$70,000 in revenue taken out last year. The town does have growth needs so if you reduce you need to understand the long and short term impact. Extra funds in Powell Bill for sidewalks.

### Adjourn

*A motion was made by Commissioner Lambert to adjourn the April 30, 2024 Special Board Meeting. The motion was seconded by Commissioner Stevenson which carried by a unanimous vote 4-0.*

The attached documents are incorporated herewith and are hereby made a part of these minutes.

*Lynn Trivette*

*William J. Marklin III*  
 \_\_\_\_\_  
 William J. Marklin, Mayor

Lynn Trivette, Town Clerk, MMC, NCCMC

April 30, 2024