

The Town Council of the Town of Nashville held a Called Meeting on Tuesday, May 19, 2020 at 9:00 AM in Town Council Chambers. Members Present: Mayor Brenda Brown, Mayor Pro Tem Kate Burns, Council Member Larry Taylor, Council Member Louise Hinton, and Council Member Lynne Hobbs. Absent: None. Staff Present: Randy Lansing--Town Manager, Tesa Silver -Town Clerk, and Sam Sanchez--Finance Director.

Mayor Brown called the meeting to order at 9:00 a.m. Mayor Brown led the Pledge of Allegiance and Prayer. Mayor Brown welcomed all those who were in attendance. Mayor Brown called for the Budget Worksession for the proposed Fiscal Year 2020-2021 budget. Mayor Brown called Mr. Lansing forward to give the local business update.

Mr. Lansing stated that per Council's request he reached out to several local businesses to see how they have managed since the outbreak of COVID-19. Express Floors has not seen any decrease in business, in fact they have been turning down work because they don't have the man power to do all the work. He was not able to speak with anyone at LBJ Chevrolet, INC. Taylor Exxon initially saw a decrease but business returned to normal a few days after the Stay at Home Order was issued. Frank's Homes also experienced a decline initially but once people became familiar with how to social distance business began to pick back up. Mr. Lansing did not hear back from Brent Bass & Associates.

AutoZone stated that sales declined initially but after a couple of weeks sales returned to normal, at their target rate meeting sales projections. The Nashville ABC Store stated they did not see a decline but held steady and they are seeing a slight increase. Braswell Family Farms has seen a significant increase and are delivering more eggs than before. Mr. Lansing did not hear back from Perdue Farms or Alco Electric. He was not able to get any information from Sheetz. SAC Enterprises, INC has not seen any decrease since the onset of COVID-19. Southern Bank stated that they have seen an increase in payroll protection loans, growth and construction, and refinancing of mortgages. They stated that they knew first hand that the restaurants, salons, and farmers are suffering during this time.

Mr. Lansing was not able to speak with Church Street Grill. Bells Hardware saw a decline in sales for about a week after the Stay at Home Order was issued. Sales have since increased and they are ahead of their sales projections. Atlantic Natural Foods has not seen any decline. Mr. Lansing was not able to get information from Clayton Homes about how COVID-19 has impacted their business; however he was informed that the current manager Tim Schiek will be leaving the company and Matt Frazier will be the new plant manager. Mr. Lansing did not hear back from the Nashville Diner. James Strickland Land Surveying continues to thrive seeing no decline. Mr. Lansing was not able to reach Sal's Pizza & Subs. A.J. Leonard Company has seen no decline in automobile policies, but there has been some decline in home policies; home inspections cannot be done at this time.

Mayor Brown asked Mr. Lansing if he had any information on how Jody's or The Painted Teacher were doing. Mr. Lansing stated that he thought the independent business owners were suffering. Mayor Pro Tem Burns stated that they have been innovative by placing things online, but they are still suffering from the impact of COVID-19. Mayor Brown stated that she was happy to hear that the Town is doing as well as it is; she stated that she had seen the furlough for NCDOT and every Town she has spoken with appear to be keeping their budgets level until they are able to see what revenues they will receive.

Mayor Brown called on Mr. Lansing to provide the Water & Sewer Fee Schedule Update. Mr. Lansing distributed the 2019-2020 Fee Schedule and a Proposed Fee Schedule for 2020-2021. He explained that there is inconsistency in terminology used even amongst the staff; he intends to change that when implementing the updated fee schedule. On page 23A Council will see that he is proposing to combine the current Water Application Fee (\$35.00) and the current Sewer Application (\$10.00) into a single application with a fee of \$45.00 (the current total of the existing applications).

The current schedule list various sizes of water taps, most people do not know what a water tap is. He is proposing to change the names to water connection fee and sewer connection fee; this is much easier to understand. He is proposing to change the name of the Utility & Waste Receptacle Deposit to

Utility Deposit. On page 23A he also listed the water meter cost per size, the current fee schedule just states plus cost. Each year the cost of the meter will be adjusted as they increase but for the year this price is locked in. He has also removed the 3" Meter, they no longer exist and it causes additional confusion.

On page 24A Council will see he has removed the term Federal Mandate from the schedule and replaced it with Base Fee. He is recommending that the water base fee be increased from \$6.00 a month to \$7.87 a month; a total increase of \$1.87 per month. This increase is based on the results of the internal rate study conducted by Mrs. Sanchez and the study of the Town's fees & rates by the NC Rural Water Association. The base fee is intended to cover the majority of the fixed cost associated with the water and sewer system. Council Member Hinton asked if the mandate was tied into the base fee; Mr. Lansing stated that was correct. He stated that it would no longer be called a mandate; it will be called a water base fee. \$1.87 will be added to the \$6.00 to make it \$7.87 per month.

The Town's current Flat Rate Sewer Fee includes the first 1,000 gallons and he is proposing to change the name to Sewer Base Fee. The proposed Water Base Fee of \$7.87 does not include any gallons; to ensure consistency between both fees he would like to include the first 1,000 gallons in the water base fee. \$5.74 will need to be added to the water base fee of \$7.87 making the total \$13.61 per month. Mayor Pro Tem Burns confirmed that the \$13.61 includes the first 1,000 gallons. Mr. Lansing stated that was correct; what is being proposed in both fees would include the first 1,000 gallons. If a resident doesn't use more than a 1,000 gallons then all they will pay is \$13.61, it is very similar to what we have now. Mrs. Sanchez stated from a billing perspective it makes no difference. Once one (1) gallon of water is used they are going to be charged \$5.74. Council Member Hinton stated that the person who uses fewer gallons is penalized because the second 1,000 gallons is \$4.18. Mr. Lansing stated it is structured that way presently.

Mayor Pro Tem Burns asked if the structure would assist in obtaining grants. Mrs. Sanchez stated that this will clarify terminology. The way it is currently billed it is still going to be \$13.61; if they used one (1) gallon a resident is going to be charged \$13.61. Mr. Lansing stated that he is proposing to change it so that it is easier to explain and understand. Council Member Hinton clarified that for the \$7.87 no one receives any water and Mr. Lansing stated that is correct it is only a base fee. Council Member Hinton clarified that with sewer they receive 1,000 gallons and Mr. Lansing stated that was correct. He is proposing these changes to make things consistent.

Mr. Lansing stated that he is proposing new water base fees based on recommendations we received from the NC Rural Water Association and from requests that we have received from developers wanting master water meters for apartment building and not individual meters for each apartment. Currently most apartment complexes have a water meter for each apartment; these developers would like to have one master meter, and include water and sewer charges in their tenants rent. The advantage to the Town is in collections; the Town would not struggle to collect from the apartment company we struggle when trying to collect from individuals. Our current fee schedule will not allow us to do this. Mr. Lansing, Mr. Brown, and Mrs. Sanchez created a fee schedule where the water base fee will vary based upon the meter size. 98% of the residents have a 5/8" water meter and the base fee will be \$13.61. As the size increases the water base fee will increase, for example if you live in town and have a 1 1/2" water meter then the base fee would be \$16.24 with the charge of \$4.18 for each additional 1,000 gallons. Mrs. Sanchez stated this would generate an additional \$5,000 in revenue.

Mr. Lansing stated that this will not impact most people within in Town because they have 5/8" meters. Mrs. Sanchez explained that the price difference in the water base fees are the differences in the cost of the larger sized meters. Council Member Taylor confirmed who would be paying the fees with the master meter, and Mr. Lansing stated that the apartment owner would pay the fees. Mr. Lansing stated by implementing these changes it will help staff better explain fees when residents come in to apply or change existing service and it will make it easier for residents to understand the information they are getting. After review of the spreadsheet they had been given in a prior meeting, Council Member Hinton wanted to know if the increased cost would be \$7.41 or \$7.50. Mrs. Sanchez stated that it will be \$7.50. Council Member Hinton stated that the spreadsheet was wrong and needed

to be updated. Mrs. Sanchez stated that it is very outdated. Council Member Hinton asked Mr. Lansing if he could provide an updated spreadsheet.

Mayor Brown called for the budget line item updates from Mrs. Sanchez. Mrs. Sanchez stated that since the proposed budget was originally created there have been several changes; she has provided Council with an updated proposed budget with as many updates as possible reflecting those changes. Mrs. Sanchez stated that changes have been highlighted for Council and there are notes in regards to the changes that have been made. Mayor Brown asked if Mrs. Sanchez would start on page one (1) and go through it with them. Mrs. Sanchez started on page one (1); she added a line item called Alcoholic Beverage Excise Tax (10-341-1000). In years past this was mistakenly mislabeled as Beer and Wine Tax. The Town does not currently receive Beer & Wine Tax but the Town does receive Alcoholic Beverage Excise Tax. She has added that into the budget with projected revenue of \$23,000.

Council Member Hinton asked Mrs. Sanchez why she increased sales and use tax distribution to \$1,230,000 from the \$1,210,000 reflected in 2019-2020. Mrs. Sanchez stated that it was budgeted at \$1,210,000 but she is estimating that it will be \$1,250,000 for 2019-2020; based on the estimate the \$1,230,000 is \$20,000 less. Mayor Pro Tem Burns stated that \$1,210,000 is what was budgeted, but Mrs. Sanchez is estimating that the Town will receive \$1,250,000 for the current year. What is projected for next year is \$20,000 less than what we will get this year. Council Member Hinton stated that this is what we think. Mrs. Sanchez stated that the largest dip will be in the last quarter of this fiscal year. There will be a dip in the first quarter of the following fiscal year, and hopefully based on the study provided by the NC League of Municipalities (NCLM) things will rebound. She understands that there are a lot of uncertainties but hopefully without another surge of COVID-19 the Town's revenue will rebound with minimal impact. Council Member Taylor asked how the Town was currently doing without including the last quarter of the fiscal year. Mrs. Sanchez stated that the Town had been ahead but only time would tell how things would turn out. Council Member Taylor asked how far ahead the Town was and Mrs. Sanchez stated she could not recall but could look that information up for him. Council Member Hinton stated that the bottom line is that it is a "big if" and Mrs. Sanchez stated that it is.

Mrs. Sanchez stated on page two (2) Council will see the Building Reuse Grant (line item 10-348-0200); this is a pass through line item that will be used to disperse funds to the pharmaceutical company. Council Member Hobbs asked if they could go back to sales and use tax; she stated that at the end of April it reflected \$1,060,045. She asked how many months of sale and use tax this included; Mrs. Sanchez stated she would have to look to be sure. Council Member Hobbs stated that if it included ten (10) months that they could assume they would receive an additional \$180,000; Mrs. Sanchez stated that the Town had just received February's. Mrs. Sanchez stated that she does not believe that the report includes February. Council Member Hobbs stated if that is true then they will be considerably over.

Mrs. Sanchez stated that in the line item for fire protection contribution (10-353-0000) she has added the money requested from the County to purchase air packs for the new fire truck. She stated that she added the \$0.09 for recycling into the Sanitation Fees (line item 10-359-0000) and it will also reflect elsewhere in the budget as an expenditure. On page three (3) after verifying cost with Chief Puckett, the vehicle loan proceeds have been reduced. Mrs. Sanchez stated that since the budget was created the Town has received more concrete figures on what health insurance will cost; she had initially budgeted each employee at \$7,200. The cost for each department head is \$7,150 and the cost for each employee is \$7,100. She went through each departmental budget and updated the cost of health insurance within each budget. Mrs. Sanchez stated that she did the same with retirement; she budgeted at 10.4% and the figure came in at 10.22%. Mrs. Sanchez stated that we received the invoice for worker's compensation and that has unfortunately increased; it increased \$5,000. She has gone in and updated the budget to reflect this as well. Those are the only changes that are reflected in the manager and human resource budget.

Mrs. Sanchez stated that Council should look at the Finance & Tax budget next. She stated that in this department and many of the other departments she reduced travel under travel and education. She felt this made sense with the restrictions that have been put in place currently, and that the UNC School of Government is offering many courses online. She stated that they will see a large reduction in

the line item for software & data support (10-460-7000). Council Member Hinton asked if this was a reduction from the \$100,000. Mrs. Sanchez stated that the cost is split over three (3) fiscal years but Council will see a reduction in software and data in the finance, human resource, planning, fleet, and water and sewer budgets. Council Member Hinton confirmed that originally in the finance budget the cost was reflected at \$100,000; Mrs. Sanchez stated that was correct. She also reminded Council that the cost shown includes the cost for maintenance and support of the current financial software in addition to the cost of the new software she is requesting. The following year the number will reduce. Mayor Pro Tem Burns asked what the figure would be in the following year; Mrs. Sanchez stated \$36,000 would be removed from the \$64,000 and that she is trying to get that figured prorated as Council Member Hobbs suggested.

Mrs. Sanchez stated that she updated public buildings to include utility cost for the building on Boddie Street that the Town will begin to lease. Since presenting the budget, we were informed by our IT provider that the Town servers are not being backed up. We have started a project that will ensure our servers are up to date and that they are being backed up properly. There is an annual cost associated with this project; it is \$13,800. Mayor Pro Tem Burns asked what the figure was before and Mrs. Sanchez stated it was \$5,000. Mrs. Sanchez stated that the figure increased by \$13,800 and that it will be an annual cost. Council Member Taylor stated that everything the Town had saved is now being spent on this.

Mrs. Sanchez stated that several significant changes have been made within the police budget. She stated there were some amendments done to the salary study that decreased the total of their salaries; she stated that the health insurance, retirement, and worker's compensation line items were changed to reflect the confirmed information she has received. Reviewing current gas prices and current gas use she reduced gas, oil, and tires (line item 10-510-3100) to \$55,000. Plain Clothing Allowance (10-510-3700) was originally budgeted for three (3) officers and it has been reduced by \$500 for only two (2) employees. After reviewing the vehicles she and Chief Puckett were able to put a cap on the price at \$150,000.

Mrs. Sanchez stated that there are changes to the fire department budget in salaries and wages due to amendments in the salary study, and that retirement, health insurance and worker's compensation have been updated to reflect accurately here as well. She brought their attention to the line item for equipment over \$5,000 (10-530-7460); this is where she is accounting for the purchase of the air packs. Mrs. Sanchez stated that a suggestion was made to her to move all transfers and debt service into a separate department, and she has since done that. There was a transfer for the fire station but it has been moved into the new department.

Mrs. Sanchez stated that travel and education (line item 10-555-1400) was reduced to \$1,000 in fleet. Software and data support (line item 10-555-7000) reflects the request for new software and the updated cost associated with it. Streets reflect the updates that were done in health insurance, retirement, and worker's compensation. There was an amendment to the salary study in sanitation along with the updates to health insurance, retirement, and worker's compensation. In contract service (line item 10-580-4500) she has included the increased cost of recycling. Mrs. Sanchez stated that she also eliminated \$35,000 from capital improvements (line item 10-580-7300) for yard waste site improvements. Council Member Hinton asked if we were not cleaning up the site. Mrs. Sanchez stated that we are but some of the improvements included items like covered storage and sheds in the event that the Town had continued to use the site.

Mrs. Sanchez stated that travel has been reduced to \$500 in travel and training (line item 10-590-1400). She removed the money that was allocated under vehicle maintenance (line item 10-590-1700); it has been accounted for in equipment maintenance. Mrs. Sanchez updated the capital reserve line item (10-590-9700) in stormwater. We are required by Statute to spend any funds collected from stormwater fees on stormwater projects. Since those funds were collected but have not been spent on stormwater projects they have been moved to be used on future stormwater projects.

The recreation budget has been updated to reflect the changes in health insurance, retirement, and worker's compensation. She stated that she decreased the amount listed for the lease (line item 10-620-2100) because the lease came in under what was originally budgeted. The only updates within the

library budget are for health insurance, retirement, and worker's compensation. Mrs. Sanchez stated there is an increase in salaries and wages (line item 10-640-0200) in the cemetery budget. After having a discussion with Mr. Brown it was determined that the employees who are on call for the cemetery were not receiving on call pay, our personal policy states that they are entitled to it and that has been reflected in the budget. The updates for health insurance, retirement, and worker's compensation are reflected here as well.

Mrs. Sanchez stated that she added the Carolina Gateway Partnership back into non-departmental. Mrs. Sanchez stated that at this point instead of having to appropriate Fund Balance the Town will be able to add to its savings; the amount should be approximately \$12,000. Mrs. Sanchez stated that she created two (2) new departments. The first department is called Transfers/Pass Throughs. This is for situations where we receive revenue and we pay the revenue out. Council will see about \$500,000 reflected in pass throughs. The second department created was Debt Service. The items listed here are subject to change based on Council's decision. Council Member Hinton asked what was included in the lease line item (10-660-2100) in non-departmental; Mrs. Sanchez stated that was for the copier at Town Hall. She stated that this also includes the cost for the machine she is proposing to lease that folds, seals, and stamps. Council Member Hinton asked if this was the Pitney Bowes and Mrs. Sanchez stated yes. Mrs. Sanchez stated that she included it in non-departmental because all departments will be able to use it.

Mrs. Sanchez stated that she added the \$5,000 in meter based fees in the Enterprise Fund in the Water Revenue line item (30-371-0000). She stated that Council will see the remaining \$10,000 for Carolina Gateway Partnership reflected in the water and sewer non-departmental budget. Under water and sewer administration changes were made to update health insurance, retirement, and worker's compensation. A reduction was made in software and data support (30-720-70000). Water operations reflects amendments to the market study, and the updates to health insurance, retirement, and worker's compensation. Sewer operations was updated for health insurance, retirement, and worker's compensation. Mrs. Sanchez stated that she created a transfer/pass throughs as well as a debt service section in this fund too. Mrs. Sanchez stated that concludes the budget line item updates.

Mrs. Sanchez stated that she would like to revisit debt service. She was able to reach out to several banks to get additional rate information. The rates that she received from the various banks were between 2% and 3.2%; she stated that she left the debt service in the budget at 3.25% because of the uncertainty we are currently facing. She stated that she did not feel comfortable with cutting that number. She presented Council with four options. Option one (1) is to finance everything; this is what is currently reflected in the budget. Financing will include the garbage truck, vehicles for the police department and the fire department. The loan proceeds would equal \$635,000, the principle payment would be \$119,000 and the interest would amount to \$19,000 at a 3.25% interest rate. There would be no additional fund balance appropriation and the Town would add to its Fund Balance; \$12,813 would be added and the reserve ending balance would be \$728,804. Option two (2) the Town would only finance the garbage truck. The loan amount would be \$380,000, the principal payment would be reduced to \$380,000 and the interest would be \$11,400 at a 3.25% interest rate. Fund Balance appropriation would need to be added to make up the difference; the total fund balance appropriation would be \$186,837. The reserve ending balance would still be \$728,804.

Option three (3) would be to use Fund Balance to purchase all of the vehicles. There would be no loan proceeds or debt payment. The total Fund Balance appropriation would be \$484,187 with a reserve ending balance of \$728,804. Option four (4) would have the Town utilize more capital reserves; \$380,000 of capital reserves would be used to fund the garbage truck. Fund Balance would have to be appropriated to purchase the remaining vehicles; \$104,187 would have to be appropriated from Fund Balance. The reserve ending balance would be \$490,504. Council Member Hobbs stated that based on earlier discussion she thought it was understood that the Town needed some debt in order to try to obtain grants; she doesn't want to go away from debt entirely for that reason. Mrs. Sanchez stated that was correct, she was trying to provide multiple options. She still believes that it would be good to finance everything to allow the Town to acquire debt and become eligible for additional grants. She also thought it would be good for the Town to hold onto its cash until the Town is no longer facing some of the uncertainties.

Mayor Pro Tem Burns stated that they could finance it all to see how things go and then if they wanted to they could pay off the debt early. Mrs. Sanchez stated that they could do that. Council Member Hinton stated that we needed to be sure that would be with no penalty and Mrs. Sanchez stated that it could be written in. Mayor Pro Tem Burns stated that moving completely away from debt concerns her as well because she wants the Town to be eligible for grants. Mr. Lansing stated that we can apply for grants now but we won't receive them. Council Member Hinton stated that she believes that the rationale is that grantors believe we don't need it. That if you're in trouble then you can receive it. Mr. Lansing stated not too much trouble though. Mayor Brown stated that after speaking with other municipalities that the key is a grant writer and not necessarily taken on a lot of debt. It may be nice to have some, but not to pile it on. They have to look at the interest that will be accrued.

Council Member Hobbs stated that grantors are looking to see that the municipality is making an investment. When debt is put into place it shows that the Town is willing to put in some level of investment. It could be taken from Fund Balance but we still would not be showing grantors that the Town is willing to take on some element of risk in order to keep the system maintained. Mr. Lansing asked if there were any thoughts on the four (4) options. Council Member Taylor stated he is still in favor of having a little debt to help the Town out as far as grants are concerned. He would like to finance the garbage truck and pay for the smaller vehicles. Council Member Hinton stated in the past they have financed large vehicles like the sewer jet vac and fire trucks. They have never financed police cars or vehicles like the fire department are asking for. Mr. Lansing asked what Council Member Hinton's thoughts are moving forward and she stated to finance the large vehicles.

Council Member Hinton stated that the Town had money that had been set aside for the garbage truck. Mrs. Sanchez stated that \$180,000 was set aside but it is not enough to cover the garbage truck. She stated that the funding had been reallocated and it could be reallocated elsewhere if needed. Council Member Hinton stated that the money was set aside to be able to pay down the cost. Mrs. Sanchez stated that if Council decides to only finance the garbage truck, she would allocate capital funds to cover the cost of the vehicles so the total fund balance appropriation would be less than what they see reflected before them, but the capital reserve balance would be lower. Mayor Brown asked Mrs. Sanchez to repeat that information. Mrs. Sanchez stated that the budget currently uses capital reserve for the debt service payment, which she believes is \$148,000. If Council finances the garbage truck and purchases the other vehicles outright, she will reallocate capital reserve funds to cover all of the vehicles not just the debt service payment. That will cause a reduction in the amount of fund balance that will be appropriated out of the General Fund because we are using more of the capital reserve.

Council Member Taylor asked if any progress had been made on selling the asphalt recycling machine. Mr. Lansing stated that it had not. The next round of surplus would be done in June. Council Member Taylor asked how much it would sell for. Mr. Lansing stated that the Town could put a reserve on it when it is listed on the auction and Council Member Taylor stated he did not want to give it away. Council Member Taylor stated that by selling it, it would produce more revenue into the budget. Mr. Lansing asked Council if they saw his note about the garbage truck bids. He explained that the Public Works department is working with three different vendors to try to purchase the new garbage truck. The \$380,000 allocated for the truck will cover the cost of the truck; based on the things the department has identified are needed on the truck. The vendors have assured them the \$380,000 will cover that cost. The department is still waiting to hear if the \$380,000 will cover the cost of a truck with a mechanical arm. Mr. Lansing stated that all the residents will have to place their garbage cans at the right place at the curb in order for the mechanical arm to pick it up. The truck will have to also go down both sides of the street and it will take a little longer to run the route with the automated arm. Mr. Lansing confirmed that Council would like to finance the garbage truck and pay for the remainder for the vehicles in cash.

Mrs. Sanchez stated that she wanted to discuss the major increases that are included in the proposed budget, she distributed a sheet to Council with the major IT and software request. We are currently working on an IT project; our servers are severely outdated and we are working to update those servers. We have hopes to expend the funds in the current fiscal year if we are not able to do this those funds will have to be accounted for in the 2020-2021 fiscal year. Council Member Taylor asked

what the bottom line cost of all this would be; Mrs. Sanchez realized that there was not a total at the bottom of the spreadsheet.

Mayor Brown asked Mr. Lansing if all the updates that they were told were needed by the planning department were included. Mrs. Sanchez stated that was a separate project but it is included in the budget. The total cost of that project was \$150,000. Council Member Hinton stated that was for the comprehensive plan. Mayor Pro Tem Burns confirmed that the \$150,000 was broken up into multiple fiscal years and Mrs. Sanchez stated that was correct. Mr. Lansing stated that \$75,000 will be paid in the 2020-2021 fiscal year and the additional \$75,000 would be paid the following year. Council Member Hinton asked if the recodification was \$25,000 and Mr. Lansing stated it was \$15,000. Mrs. Sanchez stated that \$5,000 of that had already been paid; Mr. Lansing stated Council would see \$10,000 come from FY 2020-2021 budget.

Mrs. Sanchez stated that the total purchase price would be approximately \$95,000 and the annual cost would be approximately \$130,000. She stated that a lot of the items are existing items; there are not many new items. Council Member Hinton confirmed that Mrs. Sanchez stated that there is a purchase price of \$95,173 and an annual cost of \$130,000. Council Member Hobbs confirmed that the annual cost would be ongoing and Mrs. Sanchez stated that was correct. Mr. Lansing stated that these costs are built into the proposed budget. Mayor Pro Tem Burns stated that some of these items Council had previously approved like Zucker. Mr. Lansing stated that was correct, that Council recently approved the purchase of Zucker and Pennlink for the police department. Council Member Hinton confirmed that cost was \$70,000 and Mr. Lansing stated that was correct. Mayor Pro Tem Burns stated that only the annual costs for those platforms are listed.

Mr. Sanchez stated that Mrs. Silver clarified that the cost for digital records was a onetime cost and should not be included in the annual cost. Council Member Hinton confirmed that the purchase cost for digital records was \$4,477, and Mrs. Sanchez stated that was correct to remove the \$4,477 from annual cost. Council Member Taylor asked what the total cost would be and Mrs. Sanchez stated approximately \$125,000. Mrs. Sanchez asked Council if they had any additional questions about software and IT improvements and they did not.

Mrs. Sanchez stated that she would like to review the capital outlay and other major funded item; these are the larger items that are reflected within the budget. Mrs. Sanchez wanted to get a consensus from Council on each item. She stated that in the previous work session Council was in agreement to fund the market study. VC3 is listed and it is a necessity; she stated that Council should expect the cost to increase by 3% each year. Mayor Pro Tem Burns asked if we requested bids to see if there were any other potential vendors the Town could use. Mr. Lansing stated that we did but we did not receive any bids back from the RFQ. He stated that the RFQ was even sent to some specific vendors and we did not receive responses from those either. Mayor Pro Tem Burns stated that she was very pleased with the presentation provided by VC3 but she wanted to be sure that this was the general price for service.

Mrs. Sanchez stated that the website upgrade is included in this grouping; \$18,000 will be paid in this fiscal year and the following fiscal year an additional \$18,000 would be expended. Social Media Retention Software and the agenda management software are both new software. Council Member Hinton asked if they were on the list she provided and Mrs. Sanchez stated that they were on the list. Council Member Taylor asked if they were onetime cost, and Mayor Pro Tem Burns stated they were not, that they were annual. Mrs. Sanchez stated that the comprehensive plan will be \$75,000 this upcoming fiscal year and then an additional \$75,000 in the following fiscal year. The financial software is listed at \$100,000 which is the purchase price. The actual cost of the software is actually \$96,000 part of it is the cost of the software at \$46,000 and the remainder is annual maintenance. The cost will be spread out over three (3) years; after the software is paid for the Town will only be paying the annual maintenance and support fee which is \$46,000. Mayor Pro Tem Burns asked how much our current software's annual fee is and Mrs. Sanchez stated that it is \$36,000. Council Member Hinton confirmed that the cost is \$58,000 for three (3) years and Mrs. Sanchez stated that was correct and then it would reduce to \$46,000.

Mrs. Sanchez stated that there are upgrades including in public buildings for Town Hall; the upgrades include plexi glass for the front counter area and cameras. Council Member Hinton stated that

the flooring in the Town Hall lobby had been redone but they never received any cost on that; she wanted to know how much it cost. She stated that the front counter area also had to be repaired. Mr. Lansing stated that the repairs to the front counter were around \$180.00 and the flooring was approximately \$1,300. Mrs. Sanchez stated that she could not quite remember but a budget amendment had been done for it. Council Member Taylor confirmed that the plexi glass would not be what is in Town Hall currently. Mr. Lansing confirmed it would not. Mayor Pro Tem Burns asked if the entire area would be enclosed. Mr. Lansing stated that he would like a physical barrier put in place as a safety and security measure, where money is handled.

Mrs. Sanchez stated that funding is including in public buildings for public works to create an additional office space within the Town shop. Council Member Taylor stated that he may have misunderstood, but he was under the impression that Mr. Brown wanted an additional building for a future employee. He asked if we aren't hiring the person if the funds were needed to create the space in the proposed budget. Mr. Lansing stated Mr. Brown wanted to purchase a shed to store the sweepings from the street sweeper. Mayor Pro Tem Burns clarified that Council Member Taylor was speaking about creating an office in the existing building for the potential of a compliance officer in the 2021-2022 budget. Mr. Lansing stated that this request is only to frame an office space within the Town shop. Mr. Lansing stated that during the upcoming year, Mr. Taylor, the Town Mechanic would use the space and then once the compliance officer was hired he or she would then be in that office. Mayor Pro Tem Burns stated that the space would be used this year and Mr. Lansing stated that it could be. He stated that the compliance officer is not listed in the 2020-2021 fiscal year budget. He stated that it would not cost a lot of money to frame an office in the shop. Mayor Pro Tem Burns confirmed that the \$35,000 includes both the purchase of the shed and the framing of the office.

Mrs. Sanchez stated that she also added money in the line item to purchase cameras. The cameras would be there to monitor inventory and equipment. Council Member Hinton asked if the cameras were included in the \$35,000. Mrs. Sanchez stated that was correct; she included \$10,000 in the budget to pay for cameras. Council Member Hinton asked if we have had property stolen; if that was the need for cameras. Mrs. Sanchez stated that she wasn't aware of anything being stolen but there is risk in the current set up. She believes that it is a good idea to put cameras there and that our auditors would most likely agree. Mr. Lansing stated that most of our items are specialized items and couldn't be used for most ordinary task, but we have invested in the equipment. Council Member Taylor stated that the camera system will pay for itself, that it is better to be proactive before something happens.

Mrs. Sanchez stated that she was able to meet with our new auditor. She believes that things will work out well. The new auditor is going to be firm on the Town being accountable for its inventory; the auditor will want everything tagged and accounted for. The Town is not up to par on inventory currently and everything we have needs to be tracked. Mrs. Sanchez stated that we will be working on getting to where we need to be. Mayor Brown stated that she was happy to know this would be occurring upfront and the Town would not be surprised by the findings. The library generator project will cost approximately \$12,000. It has been on the Town's to do list for several years and we are going to go ahead and get that done. Mayor Brown asked how much it would cost and Mrs. Sanchez stated about \$12,000. Council Member Taylor asked if this included moving the generator and hooking it up. Mrs. Sanchez stated it may have been \$17,000. Mr. Lansing stated this included installing a new concrete pad, moving it, and getting it up and running. Mayor Pro Tem Burns confirmed that the cost would be \$17,000 and Mrs. Sanchez stated that was correct and that the awning and beautification of the front outside area is budgeted at \$5,000.

Mrs. Sanchez stated that the police vehicles are listed at \$165,000 but can be reduced to \$150,000. Council Member Taylor asked how she was able to reduce the cost. Mrs. Sanchez stated that she met with Chief Puckett; he had requested a Dodge, a Ford F-150, and a Ford F-250. Chief Puckett decided to purchase the Dodge truck and reduce the cost. Mayor Brown stated that she thought they were not making those. Mr. Lansing explained that they are making the trucks that they are not making the Chargers. Mrs. Sanchez stated that they should expect to see radios in every budget; we need to stay on top of replacing those items. Radios are fairly expensive, and if we don't continuously replace them then the cost will "catch up" with us. She stated it is similar to vehicles, Council should expect to see

replacement vehicles in every budget. She stated that the Town has a severely aging fleet, most of our fleet is over ten (10) years old and we need to get on top of replacing vehicles.

Mrs. Sanchez stated that there are three (3) new firefighter positions in the fire budget. She stated that it is not a capital outlay project, however it is a large amount of funding. Mayor Pro Tem Burns confirmed that Chief Joyner did apply for a grant for the employees. Mrs. Sanchez stated that was correct. Mayor Pro Tem Burns asked when we would know if the grant had been awarded and Mrs. Sanchez replied June 2, 2020. Mrs. Sanchez stated that two (2) replacement vehicles and seven (7) radios are including in the fire budget. \$100,000 has been included to start the fire station project; the \$100,000 is to secure the land, the architecture firm, and the engineering firm.

In Sanitation \$380,000 has been included for the purchase of the garbage truck and the yard waste site been eliminated (\$35,000). In water operations a 60' enclosed trailer was requested. Work has already begun for the NCDOC Lift Station Rehab Project; \$25,000 was paid in the current fiscal year and \$75,000 is budgeted in the 2020-2021 fiscal year. The quick response sewer jet is the last request within sewer. The jet will cost \$62,000, it will not be financed; money was placed in capital reserve to fund it. Council Member Hinton stated that she thought we were going to look at gravity flow for the NCDOC lift station; Mr. Lansing stated that we are. Even with looking at gravity flow, by the time we work with engineers and submit permits to NCDEQ we will be about two (2) to two and a half (2 ½) years into the project. The lift station will not last for two (2) years in its current condition; the Town has to rehab it. Council Member Taylor stated that it is a large amount of space to look at gravity flow to bring it back into the system. Mr. Lansing stated he is unsure if we will be able to eliminate this lift station; Mayor Donald Street had previously told Mr. Lansing that he was told for years that Elm Street would not gravity fall. The Town was persistent and had the study done; the study concluded that it would, and it did. Eliminating the Elm Street Lift Station has saved the Town tons of money. Council Member Hinton confirmed that we have already spent \$25,000 in the NCDOC lift station; Mr. Lansing stated that was correct. Council Member Hinton stated that the total was \$100,000 and Mr. Lansing stated yes, that is what we are projecting.

Council Member Taylor stated that when purchasing the new garbage truck that if they select the one with the mechanical arm that they would save as far as staffing is concerned, but they would need to look at how much money they would have to spend to purchase new garbage cans. The truck with the mechanical arm will not pick up the shorter trash cans that are currently in Town and Mr. Lansing stated that was correct. Mrs. Sanchez asked Council if they had any additional questions about the items requested in the budget. Council Member Hinton asked if we were not going to do anything with the yard waste site improvements. Mr. Lansing stated that seemed to be the consensus at the prior work session; once the yard waste is on the truck we will take it to Al Collie's, pay the per load fee and be done with it. Mayor Pro Tem Burns stated that was the most cost effective way. Council Member Hinton stated that she thought we had to clean up the site. Mayor Pro Tem Burns stated we do and we have; it will stay clean but the Town will not continue to do yard waste improvements. Council Member Hinton asked how much it cost to clean things up and Mr. Lansing stated \$75,000. Mr. Lansing stated the last step was seeding and that was completed yesterday. Council Member Taylor asked if they had seeded the cemetery and Mr. Lansing stated it was done yesterday as well. Mayor Brown asked if the inspector would come back out and Mr. Lansing stated that she will once they are able to travel again. State employees have been grounded until the pandemic is over.

Mrs. Sanchez asked Council to look at page three (3) of the document; she stated that these were the items that were requested but not funded within the budget. She wanted to bring these items to Council's attention in the event that they wanted to realign priorities. The 2% cost of living adjustment (COLA) was not funded. She suggested the Council revisit the COLA in December or January. Mayor Pro Tem Burns stated that by then the Town will have a very good idea of how we will be impacted financially by COVID-19. She felt this was a good recommendation. Mrs. Sanchez stated that we don't want to end up in a similar situation where another salary study is done and the Town is way behind. She stated that the cost to fund the COLA is \$65,000 and it is a small amount to pay for employee morale and retention. Council Member Hinton stated that we also have to keep in mind that there are a lot of people who are losing their jobs.

The police department requested two (2) new positions a community officer and an investigator; neither of those positions were funded. The police department has applied for a grant to try and obtain the additional position, and if awarded she would recommend that it be added back into the budget. She stated that she believes the grant is a 25% match. Mr. Lansing stated that there would be a 25% match in the upcoming fiscal year and after two (2) years the cost would go up. Mrs. Sanchez stated that an additional two vehicles would be associated with those positions. Mayor Pro Tem Burns asked if the grant included one (1) or two (2) positions and Mr. Lansing stated that he believed it was two (2). Council Member Hobbs confirmed that the grant only covers the employee cost. The vehicles would have to be purchased and Mrs. Sanchez said yes. Mayor Pro Tem Burns stated that it does not cover 100% of the cost of the employee.

Mrs. Sanchez stated Mr. Brown requested a compliance officer position in sanitation because we have a lot of compliance issues; the employee would manage those types of issues but this was not funded. The Cottonwood Lift Station Abandonment was not funded. Council Member Hinton stated that it was a large amount of money for lift station abandonment. Mr. Lansing stated that he asked Stocks engineering for cost or a possible estimate and that is the figure they provided. Mr. Lansing stated that when the Town does initiate the project that it will truly cost that much. Mayor Pro Tem Burns asked what the justification for the price being so high. Mr. Lansing stated that it will be difficult moving the lift station out to Womble Road. From Womble Road to HWY 64 it will be fairly easy to maneuver to get to the new fall out line. He believes that some of the unknowns associated with the project, caused the price to go up. Swamp land will have to be dug through, there may be environmental mediation, additional permitting may be required, and then the engineering cost would have to be considered. Council Member Hinton stated that the cost was almost as much as the sewer outfall line. Council Member Taylor asked if we have inquired with any other engineering companies and Mr. Lansing stated we had not. He stated that he only wanted to get an idea of what it would cost. Council Member Taylor stated that he believed they have used Stocks Engineering for every project that has been done in the Town, at least from what he could recall. It would not hurt for the Town to look at other engineering firms to receive other quotes, to have the project bid on. Mr. Lansing stated that if the Town could gravity flow the NCDOC lift station, he could see that cost being more expensive just because of the distance. These two (2) lift stations can be served by one (1) gravity line. He stated he was surprised at the cost that had been projected. Council Member Taylor stated that the price may be driven up by things later like discovery of rock. Council Member Hinton agreed and stated not to forget the cost of the engineers. Mr. Lansing stated that the Town could have some exploratory drilling done to know what is down there.

Mrs. Sanchez stated the last item that was not funded was the asset inventory study for water and sewer. She feels that this is something that would be greatly beneficial for the Town to get done. Council Member Hinton asked if we applied for a grant for the study. Mrs. Sanchez stated that we did. Council Member Hinton stated that we did not get it. Mrs. Sanchez stated that we did not and Mr. Lansing stated that we would try again. Mrs. Sanchez stated the study will inform the Town of what they have and what state it is in. She stated that moving forward she would like to include these large project and ongoing items that have large cost in the capital replacement plan; doing so will provide the Town a better outlook on what is needed and how to plan accordingly for it. There are some things that are routine that come up like parking lot paving that can be planned while setting aside money for those items. She explained that, that is why they see such a large increase in the document. Mrs. Sanchez asked if Council had questions and Mayor Brown suggested that they take a five (5) minute break.

Mrs. Sanchez stated that the last item on her list is for Council to ask any questions that they may have. Council Member Taylor asked if they have provided a clear path for her to be able to proceed. Mrs. Sanchez stated that the largest question she had was with the debt service and financing; she stated that she would most likely plug in the new figures during lunch. She stated that there will be a lesser debt payment and lesser debt proceeds. Fund Balance projection will be about the same. Council Member Hinton confirmed that there is a possibility of getting 2% interest and Mrs. Sanchez stated that was correct. She stated that she is going to keep it in the budget at 3.25%, because of the uncertainties. Mayor Pro Tem Burns confirmed the rates she received were between 2% and 3% and Mrs. Sanchez stated they were between 2% and 3.2%. Council Member Taylor stated that if the rate is anything less than 3.2% the Town will "come out to the good." Council Member Hinton stated they were able to

secure a rate at 1.8% for the sewer vac truck. Mrs. Sanchez stated that she would continue to look into interest rates; she had spoken with four (4) institutions.

Council Member Hobbs asked Mrs. Sanchez to clarify the sales tax; she stated she was a little confused on what would be reported in this fiscal year opposed to the next fiscal year. Mrs. Sanchez said that it will depend on how it is distributed to us, but she would like to speak with our auditor to iron out the process. In years past it was accounted by putting in twelve months, but she would like to establish a procedure for it. Council Member Hobbs said the current process the Town has is not atypical. Mrs. Sanchez stated they need to know in times like this and Council Member Hobbs agreed that they definitely want to know the impact for each fiscal year. Mr. Lansing asked if Mrs. Sanchez had heard that there would be more impact in this fiscal year than next. Mrs. Sanchez stated that the biggest dip would be in the last quarter of the current fiscal year and that our cash flow would be affected in the next fiscal year. Council Member Hinton stated that everything is lag time and second quarter is going to be bad. Council Member Hobbs asked Council Member Hinton if she was referring to the fiscal year or the calendar year. Council Member Hinton stated that she is referring to the calendar year. Mrs. Sanchez stated it will continue to be down in the third quarter and a part of the fourth quarter; Council should see a true change in the second half of the next fiscal year.

Mr. Lansing stated in the revised budget line items that they received today, the total in recommended for fiscal year 2020-2021 is \$12,365,880. Mrs. Sanchez stated this figure would change once the additional updates are made. Council Member Hobbs stated that the Town has always viewed things cumulatively but she looks at the general and enterprise fund as two (2) separate budgets and not so much as totals. Mrs. Sanchez stated that the fund appropriation from fund balance has decreased the overall budget for the general fund it has increased due to the \$250,000 that was added for the Building Reuse Grant for the pharmaceutical company.

Mayor Brown asked what the increase is for the upcoming year's budget in comparison to the current fiscal year's budget. Mrs. Sanchez stated that the original budget was \$6,000,000 and now it is \$7,200,000. The total general fund has increased by \$1,200,000, however about \$500,000 of that is in non-cash transfers and another \$600,000 in debt service. If the transfers are eliminated the total expenditures have increased by \$700,000. Mr. Lansing asked if Mrs. Sanchez had a summary of what is accounted for in the \$700,000. Council Member Hinton asked if another document they have was still valid. Mrs. Sanchez stated that it was not that several updates have been accounted for since it was created and Council Member Hinton stated she would like to see an updated version of it. She stated based on the information listed on the document the Town is \$2,000,000 above last year's budget. Mrs. Sanchez stated that it is higher now, because the additional \$250,000 was added for the Building Reuse Grant. Council Member Hinton stated she'd like to see an updated document that the budget appears to be ever changing; that it is a moving target. Mayor Pro Tem Burns stated that every decision that they make changes it.

Mayor Brown asked if an average resident without an accounting degree approached her and asked her how much was the total budget increase from last year; what she should tell them. Mrs. Sanchez stated that if they looked at just the net expenditures and Mayor Brown stated she just wanted a total. Mrs. Sanchez stated that the net expenditures last year were between \$5,700,000 and \$5,800,000 and the upcoming expenditures are \$6,700,000; that is original to proposed. Mayor Pro Tem Burns asked about the amended budget. Mrs. Sanchez stated that the amended budget was \$6,000,000 net expenditures the proposed budget is \$6,700,000. Council Member Hobbs stated that the \$6,700,000 includes the cost of the garbage truck, VC3, the market study and the comprehensive plan and Mrs. Sanchez stated that was correct. Council Member Hobbs stated that it may be helpful to have a bullet list of those major dollar amounts; Council doesn't need every dollar amount but the major items that took us from the \$6,000,000 to the \$6,700,000. Council Member Hinton stated that according to prior documents they have received it is a 19% increase. Mr. Lansing stated that he wanted to clarify that the grant that they discussed earlier in reference to the police department is for one (1) community officer.

Mrs. Sanchez stated that she has created a document that list every increase and shows the original and the amended, and every increase within the amended and the proposed; she mistakenly left it at the office and could provide it after lunch. Council Member Hobbs asked if they needed to come

back after lunch. Mayor Pro Tem Burns suggested they take a recess and allow Mrs. Sanchez to get the materials needed. Mayor Brown asked Council if they would like to take a thirty (30) minute break, and they were in agreement. Mayor Brown asked Mrs. Sanchez if this would be ok with her and she stated yes, that she would update the budget line items as well. Council Member Hinton made the motion to take a thirty (30) minute recess, seconded by Council Member Taylor. There being no discussion, Mayor Brown called for a vote. The motion was unanimously approved (4-0). Recess began at 10:37 am.

The meeting went back into session at 11:13 am and Mayor Brown turned the meeting over to Mrs. Sanchez. She stated that she has provided Council with an updated line item proposed budget, on page three (3) in vehicle loan proceeds (line item 10-396-0000) the amount is now reflected as \$380,000. Capital Reserve will be used to purchase the remaining vehicles the transfer amount has increased to \$429,000 (Transfer from C.I.P acct. line item 10-397-0000). She stated that if they look at the non-departmental budget the debt service has been reduced to \$82, 650. Mayor Brown asked what pages and Council Member Hobbs stated pages seventeen (17) and eighteen (18). The fund balance appropriation found on page three (3) is now \$73,537 (line item 10-399-0000, appropriation from Fund Balance). The capital reserve balance is going to be \$615,504.

Mayor Brown asked what was the percentage of increase overall and Mrs. Sanchez stated she did not calculate a percentage but a whole dollar amount. Mrs. Sanchez stated that she thinks Mayor Brown is asking how much money we are spending on goods and services beyond what we spent last year. The total budget number increased by \$1,400,000 in the general fund, however what we are spending in goods and services increased from \$5,800,000 in the original budget to \$6,000,000 in the amended budget. \$6,700,000 is the proposed net expenditures. Council Member Hinton stated that it is \$700,000 above, and Mrs. Sanchez stated that it is \$700,000 over the amended budget.

Mrs. Sanchez stated that she has provided Council with an additional spreadsheet that she hopes will reconcile what the major increases are; what we are spending on goods and services. The information is organized by department. Major increases in the current fiscal year include VC3, Zucker, AMG grant for fire, replacement of the chipper truck, several repairs to the garbage truck (\$40,000 in repairs), a grant for privet tree removal (\$90,000), the cemetery building (approximately \$19,000), lot buy backs were not budgeted and that had to be added, reimbursement to the enterprise fund is only a balance sheet entry, the aviation lift station, and the DOC lift station project. Those were the major increase in the current fiscal year from the original to the amended. Mr. Lansing asked if the transfer will still show as an expenditure and Mrs. Sanchez stated that they would. She stated that the ones that were done this year will not reflect in future budgets. Mr. Lansing confirmed that she had put them in their own category so it would be easy to factor them out and she stated that was correct.

Mrs. Sanchez stated that in the proposed budget the major increase will be VC3, the salary study the financial software, the comprehensive plan, the increase of staff by three(3) in the fire department, the sanitation department increased significantly. Council Member Taylor confirmed that the three (3) new positions within the department are contingent upon the grant and Mrs. Sanchez stated that was correct. Mrs. Sanchez stated that the sanitation budget increased by \$500,000 because of the garbage truck and other increases in expenditures. Mayor Brown asked if the Town had to pay a fine for the yard waste issue and Mr. Lansing stated we did not. Mrs. Sanchez stated that increases are included for the website, retirement insurance, and fire station two (2). Mr. Lansing stated that many things had been removed from non-departmental and placed where they needed to be so non-departmental had been reduced quite a bit. Mrs. Sanchez stated that was correct. Council Member Hobbs asked what the proposed cost in next year's budget is in the general fund for the financial software. Mrs. Sanchez stated that the cost is \$58,000 and it will be \$58,000 for the next three (3) years; after that the annual maintenance and support will cost \$46,000. The current annual cost is \$36,000. The new software has additional components that our current software does not have. Council Member Hinton stated that the budget increases 20%. Council Member Hobbs asked if she was looking at original or amended and Council Member Hinton stated original to proposed. Mayor Pro Tem Burns stated that it is 11.5% if you look at the amended. Council Member Taylor stated that it is 20% if you don't remove the onetime costs.

Council Member Hinton stated she was looking at the \$2,119,876 as an increase from last year's budget of \$10,347,000 and when she calculates that there is a 20% increase from last year's budget. Mrs. Sanchez stated that does include all the transfers and they should look at what the actual expenditures are; she suggested using the \$6,700,000 instead of the \$5,700,000 (proposed to original). Mayor Pro Tem Burns stated that she looked at the amended because that is what was actually expended; that is how she got 11.5%. Mrs. Sanchez stated that she calculates the percentage of increase to be 11.6%. Mayor Brown confirmed that the increase is 11.6% comparing the amended to the proposed and Mrs. Sanchez stated that was correct. Council Member Hobbs asked how much that equates to in dollars and Mrs. Sanchez stated about \$700,000.

Council Member Hobbs stated that if they are speaking with someone in the public and they say the Town's budget is going up \$700,000 what does that include and Council should say the garbage truck, VC3, the pay study for non-public safety employees, half of the comprehensive plan, and the financial software. Mrs. Sanchez stated it does include the increase in sanitation as well. Mayor Brown asked if Council had any additional questions or comments. Mayor Pro Tem Burns asked about the line items in regards to the MSD. She wanted to know why travel and education was included in their budget; was for consultants. Mrs. Sanchez stated it was for a conference the planning department attended. Mr. Lansing stated that the planning department was planning to attend the Main Street Conference. Mrs. Sanchez stated that the MSD really needs to be discussed, the Town received a very nice presentation from the consultants, and we have a lot of opportunities to do some really great things. When the budget was being prepared Mrs. Spriggs, former planning director, had a vision of what the MSD could become. The Council will see funding put into the Downtown Strong Grants with the idea that our downtown businesses may need some assistance because of COVID-19. Mayor Pro Tem Burns stated that the \$37,000 would come out of the MSD funds, and Mrs. Sanchez stated that was correct. Mayor Pro Tem Burns asked if that would be done without having a MSD meeting. Mr. Lansing stated that the money is within the MSD (Downtown Strong), the board members of that board would need to provide a recommendation to Council on what they would like to see done with those funds. Mayor Pro Tem Burns confirmed that Mrs. Sanchez is placing funding there to provide possibility and Mrs. Sanchez stated that was correct.

Mrs. Sanchez stated that she added some additional lines within the MSD for consideration to be used in the future; she stated that a citizen had spoke about the need for historic preservation at a Council Meeting and she included that as a future line item that the Town may want to pursue. There are a lot of opportunities there. Mayor Pro Tem Burns stated that there were a lot of ideas within the presentation that the MSD could consider. Mayor Pro Tem Burns confirmed that Mrs. Sanchez had the funding allocated for potential use, and Mr. Lansing stated that was correct. Mrs. Sanchez stated the planning department may or not be able to attend the conference. Mayor Brown stated that the budget was a lot to chew on. Mr. Lansing stated that he understands that there is an increase, however when he looks at each item that is included he doesn't see how anything can be removed, they are all things that are needed. He doesn't think Council really has a choice in determining to fund them; the comprehensive plan is mandated by the General Assembly, the garbage truck is needed. Mayor Brown stated that if the Town doesn't go ahead and get the garbage truck we will ended up essentially paying the price of a new one in repairs. Mr. Lansing is hoping that when they speak with constituents they are able to explain what the Town will be getting due to the increase.

Mayor Pro Tem Burns asked where the fund balance appropriation was located if there was any being appropriated. Mrs. Sanchez stated it could be found on page three (3) and the amount is \$73,537. Mr. Lansing stated that what Mrs. Sanchez has put together and what Council has agreed upon today is a great balance of managing Fund Balance, capital reserves, and adding a small amount to the debt service. Mayor Brown stated that she hates that they have to increase the rates; she believes the citizen will see it as a tax increase. Council Member Hinton stated that she hated to do it when the citizens are facing such hard times. Mayor Brown stated that she doesn't know what else to do. Council Member Taylor stated that if they don't they will have to go into Fund Balance to back it up. Mayor Brown stated that the Town may need the Fund Balance if we come up short in revenues. Council Member Hinton stated we have a lot pending on sales tax we receive and people being able to pay their property tax. Mr. Lansing stated that he did feel a bit better after calling around to several of the

businesses and hearing how they were doing during this time; a lot are doing much better than they thought they would be.

Mayor Brown stated that the Town needs to start immediately saving for the next garbage truck they will have to purchase. She asked what the life expectancy of a garbage truck will be. Mr. Lansing stated ten (10) years based on our experience; our current truck is nine (9) years old. Mayor Brown stated so about every five (5) years they should be looking to purchase a new truck and Mr. Lansing stated a good average would be about seven (7) years. Council Member Taylor questioned if we would purchase the new truck and keep the current truck as a backup. Mr. Lansing stated we currently have the rear loader as the backup, he doesn't know that we will hang on to the one we have for a backup. He expressed concern that with the problems we are currently having, once sat down it may be difficult to get it to run. Council Member Hinton asked what happened to the used one we purchased in Georgia. Mr. Lansing stated that is the rear loader. Council Member Taylor asked if it had given us any problems so far and Mr. Lansing stated it has not. He stated that the rear loader does need three (3) employees to operate, a driver and two (2) people who are on the back.

Mayor Brown thanked the City of Rocky Mount for all the help they have extended to us; Mr. Lansing stated that they had been a huge help. He stated that the Town of Zebulon assisted us when our leaf truck was down; they allowed us to use one of theirs. The City of Wilson offered assistance as well. The Town used the Town of Zebulon's; it was readily available and a model like our own so it was very easy to use with little down time. It is nice to know that when we have reached out to surrounding towns and cities that they have been more than willing to help. Mayor Brown stated that one day we hope to reciprocate. Mayor Brown called for additional questions.

Council Member Hinton stated that the spreadsheet that Mr. Brown provided about yard waste shows that it will cost the Town \$345,000 to clean it up and use it. Mr. Lansing stated this was not for cleanup that the site has already been cleaned up and Council Member Hinton stated that it had been done for \$75,000. Mr. Lansing stated that the \$345,000 was to become equipped to produce a compost material that people would want to purchase. Council Member Hinton confirmed that we will pay \$70,000 a year to load it up and take the material to the landfill. Mayor Pro Tem Burns stated that even if Council agreed to do the start up at the \$350,000 there is a risk that there isn't a demand for the material. The Town may still have to haul the material away and pay the hauling fees. Mr. Lansing stated that the Town is limited on the amount of material it can have at the site; he stated this is what happened when we were cited. The site had seven (7) to eight (8) years worth of material on it; we should have been hauling it off. At one point farmers were coming to get the material but once it was mixed with the street sweepings they no longer wanted our material. Council Member Hinton stated it was a large part of the fee increase; they now have to explain that to the citizens. It is going to be hard to explain because we messed up. Mayor Pro Tem Burns stated that they have to consider that we had a new inspector this year and we did think things were being done properly. Council Member Hinton stated that was hard to explain too and Mayor Pro Tem Burns agreed. Mr. Lansing stated that had we been doing things properly this entire time the cost would have been greater by now. The Town has gotten by very inexpensively and we did not have a plan as to what we were going to do with the material. Council Member Hinton stated that the cost to take the material to the landfill could increase; there is no guarantee that it will be a fixed cost and Mr. Lansing agreed. He stated that he believes Mr. Brown estimated the cost a little higher than what it will most likely be.

Council Member Hinton stated that the whole thing is very unfortunate, that the citizens thought that they were taking care of business. Council Member Taylor stated they thought they were, they didn't realize that there was a different process, until the inspection. Council Member Hinton stated that the \$7.50 increase will hit people during an economic hard time and it is very unfortunate. Council Member Hinton stated that this was all being done with the understanding that Rocky Mount will not be raising its water or sewer rates. She wanted to know if we had that in writing and Mr. Lansing stated he had received an email from Mr. Denton Brinton on it.

Mayor Brown asked if there were any additional questions regarding the budget. Council Member Taylor asked if they had one more scheduled work session; Mr. Lansing stated that they left the option open to have an additional work session. Mr. Lansing asked the Council if they felt they needed

another work session on the budget. Mrs. Sanchez stated if another one is not needed, the public hearing will be held on June 2, 2020. She will work on updating all the documents for Council since there have been many changes. Mayor Brown asked that she provide the materials before the meeting to give Council time to review. She stated she would appreciate it if Mrs. Sanchez could provide her with some specifics so when she is speaking with citizens, she can explain exactly what Council decided.

Council Member Hinton stated on page six (6) of the budget presentation under the budget update enterprise fund, in budget amendment #15, \$1,208,826 non-cash reimbursement, she would like an explanation on that. It really skewed the budget. Mrs. Sanchez stated that they will never see that in any other budget ever again. Council Member Hinton stated that it certainly skewed the budget. Mrs. Sanchez stated several years ago the enterprise fund promised funds to this capital project; it was two (2) separate projects. The projects were budgeted for, but the money was never given to the projects. The projects are completed, and the money was already spent in those capital projects. When she was reviewing her balance sheet, she had negative cash balances in two (2) projects. Council Member Hinton asked her if she remembered what the projects were and Mrs. Sanchez stated that she believed one was the CIFI project. Council Member Hinton stated that was the sewer outfall line. Mrs. Sanchez stated that was correct, they were both water and sewer projects. It also included another small water and sewer project. Council Member Taylor stated that Mrs. Sanchez stated that they were already paid. Mayor Pro Tem Burns stated that was correct. Mrs. Sanchez had to do a paper transfer to account for the money, to balance the books properly. Mrs. Sanchez stated that the enterprise fund still owed the money to those capital projects. Mayor Brown stated that this was a cleanup. Council Member Hinton stated that this was an accounting cleanup and Mayor Pro Tem Burns stated yes, no money was actually spent.

Council Member Hinton stated that we have had so many people in our books; she was wondering how this was overlooked. Mrs. Sanchez stated during her research it appeared the auditor did mention this to staff at the time; an entry was done to book the liability, but the money still showed. They should have done a budget amendment to correct it and that is what she has done; it should have been done several years ago. Council Member Hinton asked if they understood what she means in that it skews the budget; it appears that we were spending lots of money. Council Member Hobbs stated that it is simply a book keeping entry, there is no cash involved. We're treating each individual fund like it is own entity, and one (1) owed the other money, but it is all in total in the same place, it is almost if it is a wash. They have to look at the big overall picture. Council Member Hinton told her to try to explain that to someone. Council Member Hobbs agreed that it is hard. Mayor Pro Tem Burns stated that it looks like we continued to ask for more and more and more. Council Member Hinton stated that it is not a good comparison when comparing budgets.

Council Member Hinton wanted to know on page thirty-four (34) why ad valorem was only 34% when it is typically 41% to 43%. The pie chart shows interdepartmental transfers and she doesn't recall the Town ever having those before. Mrs. Sanchez stated that is the money that is being taken out of the capital reserve fund. The debt proceeds also skew the numbers. The numbers that they see there will all be amended and the graph is based on a ratio. Mayor Brown asked if there were any other questions. Mrs. Sanchez stated that if Council did not feel they needed another meeting on the budget, then she will provide them with updated materials. Mayor Brown asked what the desire of the Council was. Mayor Pro Tem Burns, Council Member Hobbs, and Council Member Taylor stated they were all ok with receiving updated information and not holding another work session. Council Member Hinton stated that she wanted everyone to know that it will be hard to cover everything if the revenue is not there, with so much uncertainty it concerns her.

Mr. Lansing stated that now that we are meeting virtually, we will need to wait twenty-four (24) hours after the public hearing on the budget for Council to make a decision; he asked Mrs. Silver when the meeting could be held. Mrs. Silver stated that Council may recess the meeting on June 2, 2020, and announce at that meeting that the meeting will reconvene on June 4, 2020 for a decision to be made on the budget. Council can also adjourn the June 2, 2020 and call a special meeting for June 4, 2020 to make a decision on the budget. Mr. Lansing asked if Council would be available on June 4, 2020 for a special called meeting to approve the budget at 7:00 p.m. Council was in agreement to call the meeting on June 4, 2020 at 7:00 p.m.

Mayor Brown thanked Council for their time spent on the budget; she appreciates their honesty, and everyone working together as a team. There being no further business, Mayor Brown called for a motion to adjourn. Council Member Hinton made the motion to adjourn, seconded by Council Member Taylor. There being no discussion, Mayor Brown called for a vote. The motion was unanimously approved (4-0). Mayor Brown declared the meeting adjourned at 11:58 am.



Brenda Brown, Mayor

Attest.

  
Montesca Silver, Town Clerk