

**ROCKY MOUNT TOWN COUNCIL  
FY 2007-2008 BUDGET WORK SESSION NO. 1  
MAY 7, 2007**

The May 7, 2007 Budget Work Session No.1 for Fiscal Year 2007-2008 of the Rocky Mount Town Council was held at the Municipal Building at 4:00 p.m. with Mayor Angle presiding. The following members of Council were present:

Mayor Steven C. Angle, Vice Mayor Roger Seale and Council Members Stephen F. Agee, Posey W. Dillon, Jerry W. Greer, Sr., and Sadie W. Tuning

Let the record show that Council Member John H. Lester was absent.

The meeting was called to order by Mayor Angle.

The Town Clerk read for the record the following members being present: All members of Town Council as noted, Interim Town Manager Jack Gross, Assistant Town Manger/Community Development Director C. James Ervin, Finance Director Linda Woody, Acting Chief of Police Sergeant Erik Mollin, Public Works Director Cecil Mason, Superintendent of Water Plant T. W. Wade, Amy Dooley, Accounting Technician, Paul Stockwell, Planning & Zoning Administrator, and Town Clerk Patricia Keatts.

**APPROVAL OF AGENDA**

- Motion was made by Council Member Agee to approve the agenda as submitted, seconded by Council Member Tuning and carried unanimously.

**FISCAL YEAR 2007 - 2008 BUDGET WORK SESSION**

The Mayor stated that the purpose of the meeting was to hold the first work session of the budget.

The Interim Town Manager acknowledged the fact that the Finance Director had done the work on the budget, and he was well pleased with what she had done. He further stated that the Finance Director will be able to everything on track after he is longer with the Town.

The Interim Town Manager presented a PowerPoint slideshow, which showed the following:

- Total FY 2008 proposed Expenses in the amount of \$10,381,888:
  - Administrative & Community Development: \$1,387,976 (13%)
  - Public Safety: \$1,527,753 (16%)
  - Public Works: \$1,575,525 (15%)
  - Insurance, Contingency, and Miscellaneous \$1,088,406 (10%)
  - Deb Service: \$1,274,696 (12%)
  - Depreciation & Transfers: \$1,140,000 (11%)
  - Water Treatment & Distribution: \$899,032 (9%)
  - Wastewater Collections & Treatment: \$1,488,500 (14%)
- Total FY 2008 Proposed Revenue in the amount of \$10,381,888:
  - Taxes: \$3,528,682 (33%)
  - Interest Earned & Charges for Services: \$408,039 (4%)
  - State Aid: \$1,246,498 (12%)
  - Water Use Charges: \$1,227,346 (12%)
  - Wastewater Use Charges: \$812,192 (8%)
  - Bond Proceeds: \$1,427,375 (14%)
  - Use of Fund Balance & Transfer: \$1,731,756 (17%)
- General Fund Expenditures for FY 2008 in the amount of \$5,904,024:
  - Administration: \$631,117 (12%)
  - Public Safety: \$1,527,753 (29%)
  - Public Works: \$1,575,525 (30%)
  - Buildings & Grounds: \$182,500 (3%)
  - Community Development: \$433,841 (8%)
  - Non-Departmental: \$979,975 (18%)
- General Fund Revenues for FY 2008 in the amount of \$5,904,024:
  - General Property Taxes: \$755,907 (12.8%)
  - Non-Categorical State Aid: \$72,448 (1.2%)
  - Permits and Fees: \$19,143 (0.3%)
  - Other Local Taxes: \$2,204,582 (37.3%)
  - Fines & Forfeitures: \$21,038 (0.4%)
  - Business and Licenses: \$568,193 (9.6%)
  - Proceeds from Use of Assets: \$271,635 (4.6%)
  - Charges for Services: \$73,800 (1.2%)
  - Bond Proceeds & Miscellaneous: \$365,750 (6.2%)
  - Categorical State Aid: \$1,174,050 (19.9%)
  - Use of Fund Balance: \$377,478 (6.4%)
- Utility Fund Expenses for FY 2008 in the amount of \$4,477,864:
  - Water Treatment & Distribution: \$899,032 (25%)
  - Wastewater Collection & Treatment: \$1,488,500 (40%)
  - Utility Billing: \$140,518 (4%)
  - Debt Service: \$1,001,383 (28%)
  - Non-Departmental: \$108,431 (3%)

- Utility Fund Revenues for FY 2008 in the amount of \$4,477,864:
  - Water Use Charges: \$1,227,346 (27%)
  - Wastewater Use Charges: \$812,192 (18%)
  - Bond Proceeds: \$1,061,625 (24%)
  - Miscellaneous Revenue: \$22,423 (1%)
  - Transfers from Other Funds: \$514,278 (11%)
  - Use of Fund Balance: \$840,000 (19%)
  
- Cash Revenue at an estimated amount of \$9,459,686:
  - Nest egg balance in the bank that is not reserved.
  - Good to keep cash reserve.

The following is a brief synopsis of opening comments by the Interim Town Manager:

- Propose a 1% increase in the meals tax (penny on the dollar) because of a new feature being presented to Town Council in that in trying to look ahead in the future for future expenses, a sinking fund can be created by putting money aside and designating as such. The Town would be sort of funding the cost by paying ahead by putting in a cash reserve account to take care of the following future expenses in the amount of \$300,000:
  - New fire truck (suggested putting aside \$100,000)
  - New garbage truck (suggesting putting aside \$100,000)
    - This may not occur next year, but will need very soon
  - Some type of venue for The Crooked Road
    - May need to look at the State for other partners to help build this type of venue.
- Although the meals tax may not cover all the suggested items for a sinking fund, but it comes within \$500,000 of doing so.

At this point and time, the Interim Town Manager turned the work session over to the Finance Director. The Finance Director thanked all the department heads for their assistance in the preparation of the budget.

The following is a breakdown of what was discussed:

- Capital Projects Fund: (pages 85 – 87)
  - Each item was ranked according to priority:
    - #1 (top priority)
    - #2 (secondary priority)
    - #3 (third priority)
  - Under Public Safety
    - Priority #1:
      - Police vehicles (2 replacement)
      - In-car computer and programming
      - In-car digital video (grant)
      - Mobile radios (Police Department)

- Replace 1995 Chevrolet SUV (Fire Department)
  - The Acting Chief of Police explained the following:
    - Police department's need for two new police vehicles.
    - Purchasing Fords instead of Chevrolets.
    - What type of radios that would be needed in the vehicles, and the price quoted is the worst case scenario.
- Under Public Works:
  - Priority #1:
    - Anderson Street improvements
    - Pigg River Bridge replacement (local costs)
    - Replace tractor mower
      - As there was discussion regarding this item being a Priority #1, the Public Works Director stated that this item cannot wait.
- Under Buildings & Grounds:
  - Priority #1:
    - Parks Master Plan
    - Whitewater park contribution
    - Crooked Road venue development
  - The Finance Director confirmed to the Mayor that \$40,000 that was assigned to Celeste Park for Phase II development was in this coming FY 08 for design. It did not include any gazebo, walking trails, or parking. The Mayor commented that the gazebo would be a good project for the high school.
  - The Interim Town Manager informed Council that Trena Leavitt with Harvey Delaney Landscaping would be back before Town Council to address the concerns that were voiced by the adjoining property persons and/or interested persons that were not in Phase I.
- Under Water:
  - Priority #1:
    - Replace Beverly Hills water line
      - Discussed that this line would be a 2" water line replacement
    - Filter controls and plant processes on data for the Water Treatment Plant
      - Discussed alternate to go with SCADA system
    - Convert from chlorine to bleach at the Water Treatment Plant

- Under Sewer
  - Priority #1:
    - Grayson Street sewer extension
    - Replace 4WD pickup truck for the Wastewater Treatment Plant
  
- Under Outside South Funding Projects
  - Priority #1:
    - Needmore Housing Rehabilitation CDBG costs
    - Uptown CBDG redevelopment project
    - Uptown TEA-21 streetscape project
    - Uptown improvement project (local costs)
    - Old Fort Road extension (bond)
    - Oaks at Rakes Tavern water extension (bond)
    - Oaks at Rakes Tavern sewer extension (bond)
    - Transloading facility development tobacco grant
      - Discussed having to come up with approximately \$80,000 in local shares
    - Transloading facility development (local costs)
    - Music/Arts venue acquisition/development
  
- Department Requests/Wish List (pages 88 – 89)
  - The Finance Director explained the following:
    - This drops everything in FY 08 into this upcoming year (shows all the priority requests): \$150,000 only in General Fund Contingency to spend; and \$41,605 to spend in Utility Fund Contingency.
    - Can eliminate Item 16 on page 88 (traffic signal work to correct flow problems) as this was already in the operating budget.
    - On page 89, Priority #1 totals \$140,000.
  
- Utility Fund Projects (pages 65 – 66)
  - Discussed FY 08 proposed revenues: \$4,477,864 and reflects no rate increase.
  - Discussed on page 66 the utility fund expenditures of \$4,477,864:
    - Hypothetically speaking, the Mayor questioned the Finance Director on what a rate increase would be if the rates were raised somewhat. He further mentioned that the Town was not thinking about doing this right now. The Finance Director stated that if the Town looks at 25 cents on sewer and 25 cents on water (a total of 50 cents), a minimum utility bill would go from \$22 to \$22.50, giving the Town an additional \$265,000 in revenue; and if the Town looks at 50 cents on each sewer and water (total of \$1.00), the Town would be looking at an additional \$300,000 in revenue. The Mayor advised the Finance Director to look at different tiers as it is not fair that the minimum use users to take the full brunt of a rate increase. The Mayor stated that it would be interesting to see what the

numbers were.

- Utility Fund – Non-Departmental (page 81)
  - The Finance Director mentioned that there was a contingency of \$35,000 and the \$41,600 was for the “wish list”.
  - The Finance Director confirmed to the Mayor that the last payment for debt service for the Wastewater Treatment Plant would be January 2014.
  
- General Fund Summary (pages 3 – 5)
  - The Finance Director informed Council of the following:
    - Reassessment by Franklin County will not be seen by the Town until FY 09.
    - The meals tax will generate \$240,000 based on current meals tax collections. If the meals tax increase is approved, there will have to be a public hearing held.
    - Confirmed to Council Member Greer that the lodging tax is 5%.
    - The communication tax (telephone and cell phone tax) is not remitted to the State, then to the Town, with the Town getting a percentage of the 2006 total. The Town is locked in by whatever the General Assembly states. The electricity companies still pay directly to the Town.
    - The Mayor questioned page 5, line item 0315, the PPTRA. The Finance Director stated that this was the personal property tax relief from the State and will remain the same.
    - Discussion ensued regarding the Town’s street lighting (page 28, \$85,500 for utilities). Council Member Dillon explained that soon Appalachian Power Company will be doing away with the mercury vapor based lights as they soon cannot be manufactured, and will have to be replaced by sodium based lights. He further explained the differences in the two lights. Also discussed how many streetlights were in Town, and how the streetlights for the uptown improvement grant will be spaced out more than what was done in the downtown area (Franklin Street) during that renovation project.
    - The Superintendent for the Water Treatment Plant confirmed that the chemicals to treat water has gone up, and sooner or later, the Town will not be able to get the chlorine gas but will have to convert to bleach. He further stated that by the Town converting to bleach, the Town will the liability associated with chlorine treatment.
    - The Public Works Director confirmed to Council that Anderson Street extension was a dead end street, and the property owner at the end of Anderson Street extension is now agreeable to let the Town get an easement so the Public Works Department large trucks can turn around. The Mayor advised the Interim Town Manager to have the Town Attorney prepare the necessary documents to get the easements.
  
- Under Department Requests/Wish List for Utility Fund (page 89), the following was revisited:

- Discussed the last time Beverly Hills water line had been replaced, with the consensus being the late 1960's. It was mentioned that by replacing the water line, it would help the Town get a handle on water leaks and accountability due to the many line breaks in the past. Also discussed what a major undertaking this would be to replace the line and how best it should be handled.
- Mentioned that the Superintendent of the Water Treatment Plant doesn't ask for much, and Council needs to consider the department's three #1 priorities.
- Discussed how many letters sent by the former Town Manager regarding the sewer line extension on 220 North had been received back. Also discussed recovering of money versus private investment for this project. Vice Mayor Seale stated that he knew of several interested parties that would have benefited from the sewer line extension, further stating that there was probably a need for a Public Utilities Committee meeting with those interested in wanting the sewer line to see exactly how much they would be willing to pay to have the sewer line put in.
- The Mayor stated that all three priority #1's are priority and need to look at doing them.

***(Let the record show that Council Member John H. Lester was present at 5:20 p.m.)***

- Under Department Requests/Wish List for General Fund (page 88), the following was revisited:
  - The Acting Chief of Police confirmed to the Mayor that his department needed the two new police vehicles in order to sustain the police department, but he could live with whatever the Town provided them. There was discussion that the Town could do a sinking fund in order to do a fund depreciation on Town vehicles, with this being the cheapest way to go.
  - The Assistant Town Manager/Community Development Director went over the technology improvements, stating that this amount was a small fraction to do this incrementally, but this would give the Town a standard base and security. The Interim Town Manager relayed to Council that he believes this is a high priority for the Town.

### **CLOSING COMMENTS**

The Interim Town Manager informed Council that the Finance Director will re-do the proposed budget and make sure it balances.

The Finance Director stated that the next budget work session will take place on Wednesday, May 9, 2007, at 4:00 p.m. in the Council Chambers.

It was relayed to Council by the Finance Director the following for their consideration:

- In the proposed budget, the Town Council, Planning Commission, and Board of Zoning Appeals were given a very small stipend increase, with the consensus of Council for that item to be left out of the proposed budget. Council stated that they do appreciate the consideration, though. The Finance Director confirmed that this item will be taken out of the proposed budget.
- According to Patsy Akridge with Akridge Insurance (health insurance consultant for the Town), the County and Town are looking at about a 30% loss overrun. The Finance Director put in about 18% into the proposed budget, but Ms. Akridge had relayed to the Finance Director that this figure may be low. The 18% turned out to be about \$62,000. The Finance Director also confirmed that the dental did not change, and she kept the same percentages as far as family, spouse, and child coverage.
- Confirmed that the proposed pay plan is in the proposed budget.

### **AGENCY CONTRIBUTION REQUESTS**

The Mayor indicated that the agency contribution requests will be discussed during the next budget work session (outlined on pages 90 – 92). The Finance Director informed Council that if the agencies bothered to fill in what they were going to use the funds for, it was noted. Council Member Dillon commented that when Franklin County gave to the agencies, the Town citizens also gave and they pay taxes to the County, and now the Town citizens are being asked to give over and above.

### **ADJOURNMENT**

There being no further discussion, at 5:45 p.m. a motion was made by Vice Mayor Seale to reconvene the meeting to Wednesday, May 9, 2007, at 4:00 p.m. in the Council Chambers. Let the record show that the motion on the floor was seconded by Council Member Agee and carried unanimously.

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Steven C. Angle, Mayor

ATTEST:

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Patricia H. Keatts/Town Clerk