

**TOWN OF VALDESE
TOWN COUNCIL BUDGET REVIEW MEETING
APRIL 22, 2024**

The Town of Valdese Town Council met on Monday, April 22, 2024, at 6:00 p.m., in the Town Council Chambers at Town Hall, 102 Massel Avenue SW, Valdese, North Carolina. The Council meeting was live-streamed on YouTube @townofvaldese. The following were present: Mayor Charles Watts, Mayor Pro Tem Gary Ogle, Councilwoman Rexanna Lowman, Councilwoman Heather Ward, Councilman Glenn Harvey, and Councilman Paul Mears. Also present were: Interim Town Manager Bryan Steen, Town Attorney Tim Swanson, Town Clerk Jessica Lail, and various Department Heads.

Absent:

A quorum was present.

Mayor Watts called the meeting to order at 6:00 p.m. He offered the invocation and led in the Pledge of Allegiance to the Flag.

Councilman Harvey recapped last week's meetings and provided a copy to the Town Clerk:

**RECAP OF TWO-DAY WORKSHOP & CLARIFICATION OF MISINFORMATION
APR 15 OPENED WITH CITIZEN AND COUNCIL PRIORITIES THAT COG HAD MERGED; COUNCIL
PRIORITIES ARE...**

#1 Hiring the best Town Manager – 50 applicants.

#2 Tackle the Public Safety Building

#3 Recruit & Retain Town Employees

#4 Provide Permanent Pool Structure

#5 Continue the 2023 Paving Plan

MISINFORMATION AND BAD INFORMATION

1) Tax rate and budget guidelines were **UNANIMOUS – ALL 5 - NOT MAJORITY**

Further: there is no election this year – no one is campaigning – one newspaper refers to last year's election in articles about council meetings. The election is behind us – this council is working together for the benefit of citizens.

2) Staff Brought Council a deficit of \$564,000!

We learned those numbers at the same time you citizens did!

We learned Staff recommended cuts at the same time you citizens did!

3) Over one-half of that deficit – nearly \$300,000 – was Staff "self-raise" of 5%!

How many of you gave yourself a 5% raise this year? When was your last raise?

Many employees need and deserve higher pay!

What did department heads and managers propose to do more with less?

4) This Town Council is not heartless – many citizens need Greenway Transportation.

5) This Town Council is not duplicitous – we did not set lower tax rates to replace property taxes with vehicle taxes.

6) This Town Council is not stupid – we accepted the challenge of a pool bubble that had been ignored for 10 years by two town managers, two rec managers, and councils and agreed – we will fix it!

The staff's recommendation to close the pool was irresponsible and insulting to citizens and council members alike.

7) The utility budget is under a well-designed ten-year plan; a model of what our town could aspire towards as we hire a manager.

Mayor Watts shared that in the past 40 years, staff have put items in the budget that they feel are important for their department. If the items they ask for exceed the income from our tax revenue, then they have to be cut. Mayor Watts said it was the staff's job to make the recommendations, but it was the Council's job to determine the cuts.

ITEMS FOR DISCUSSION:

GENERAL FUND REVENUES, OPERATING & CAPITAL Interim Town Manager Bryan Steen recapped the Council's guidelines for the budget process and noted that staff brought items to the Council that they weren't sure were essential, and we could only do so much with a 41.5 cent tax rate. Mr. Steen asked the Council to give staff guidance. Per request from Councilman Harvey, Mr. Steen went through the staff's process of creating the budget.

Councilman Mears recommended:

- Removing the Planning Department, \$100,000 Land Use Plan.

Councilman Harvey would like to refer the following to the Efficiency Task Force:

- All equipment not being used and recommended auctioning them off to raise as much as \$200,000.
- \$30,000 vehicle lift – Councilwoman Lowman asked if the lift imposes a safety issue since it was purchased in 1993.
- \$46,000 Ford F150 in Streets Department
- \$60,000 Tractor and Mower in the Streets Department – Councilwoman Lowman noted that that was a 1987 model and asked if we had parts for it. Councilman Harvey said we have more tractors with mowers in the Town of Valdese than in the City of Morganton.

Councilman Harvey asked for clarification for:

- \$75,000 Medic Tuck in the Fire Department—Councilman Harvey asked what the urgency was and if grants or ARPA funds were available. Mayor Watts will ask the Fire Chief to look into that.
- Under the Fire Department revenue, there is \$324,000 that has been allocated in the past to the Public Safety Building and wanted clarification. Assistant Town Manager Bo Weichel said the \$324,000 is in the Fire Department budget that is transferred out to the Public Safety Project, which is an expenditure.
- The current paving budget includes \$125,000 in Powell Bill money and \$225,000 in Street Department funds, which will be transferred to a paving project. Additionally, ABC money could also be allocated for paving. Councilman Harvey suggested exploring collaboration with the DOT for paving, a proposal that the paving committee will consider.
- What was suggested to be reduced Family Friday Nights & Fireworks? Community Affairs Director Morrissa Angi said the reduction will come from the bands we book from May on. Ms. Angi noted there are different ways to reduce that, either by reducing the number of bands or not using some more expensive bands. Ms. Angi said we could eliminate the fireworks during the festival but keep July 4.

Councilman Harvey recommended activities:

- Looking at Council insurance vs. honorarium – Councilman Harvey feels that the Council taking the employee insurance may be a conflict of interest. The insurance company said if we removed the Council, the premiums would not change.
- Decreasing the Board of Elections by \$5,000 since the County has an election this year.
- Remove the \$41,000 for a full-time Planning Director.
- Increase non-resident fees by 50% in the Recreation and Community Affairs Departments— Councilman Harvey suggested giving residents a resident card to get a discount. Councilwoman Lowman is concerned that we may price our non-residents out of Valdese. Parks and Recreation Director David Andersen shared that last year, we reduced the fee for residents, which caused a separation between residents and non-residents. Mr. Weichel said there would be a 2% increase for non-residents at the Recreation Department.
- Councilman Harvey suggested decreasing the employee increase from 5% to 4%, saving \$63,000. Councilman Harvey said the CPI went up 3.9%. Another suggestion is to give the non-exempt employees a 5% and not give the exempt employees an increase this year. Councilman Mears said real inflation is much higher than 3.9% and would advocate for at least 5%. Councilwoman Lowman advocated a 5% increase and said our Strategic Plan says one of our focuses is employee recruitment and retention. Mayor Watts says it is a tough labor market, and the employees should get an across-the-board 5% increase. Councilwoman Ward feels we should think about the citizens who have to take out a loan to pay taxes and how we need to cut something out of the budget so

that families do not have to take out a loan. Mayor Watts said that if that is what the Council feels, the Council needs to give up our insurance. Councilwoman Ward would be happy if she got a reimbursement for her insurance under her husband vs. being on the Towns insurance. Councilwoman Lowman and Councilman Mears will give up their insurance to give employees an increase. Councilman Mears is concerned about what is going to happen next year and does not see anything magical about the 41.5-cent tax rate and thinks maybe we should look at 42 or 43 tax rate.

Councilwoman Lowman suggested:

- Cut at least \$40,000 off of the Attorney fees
- Could Orthodontics be added to the dental insurance – Mr. Weichel said if we added it, it would be less than \$1.00 per person on the rate so it would not affect the budget much.
- Councilwoman Lowman likes Councilman Harvey’s suggestion that if we do sell Town property, it goes to Public Safety. Councilman Harvey shared that there is a parcel west of Town Hall that is for sale. Councilman Harvey shared that the Facilities Review committee is going to look into that property for a possible location for the Public Safety building.

Councilman Ogle recommendations:

- Would like to add more training money for the Police and Fire Department. Councilman Ogle would like the Chiefs to come up with a training plan.

Mayor Watts recommendations:

- Recommended looking at the Capital budget, pick out the big-ticket items we can delay, to simplify things.

Mr. Weichel asked the Council what they wanted to do with the recycling fees. Mr. Weichel said that we are \$2.00 behind on what we charge residents. Councilwoman Ward does not see a problem with a \$2.00 increase, and if we get the tax rate down, no one should blink an eye. Councilman Harvey asked if we really needed recycling every two weeks or would once a month work. Council members feel we need it every two weeks.

Councilman Mears likes what we have come up with so far, and unless the Efficiency Task Force has other ideas, we should go with this plan. Councilman Harvey wants to hear what the Efficiency Task Force finds and believes there is at least \$200,000 sitting out at Public Works Department that we do not need.

Mr. Weichel recapped the General Fund adjustments.

GENERAL FUND		
	Expenditures greater than Revenues	564,000
<i>Adjustments:</i>	Remove Land Use Plan	100,000
	Reduce Attorney budget	40,000
	Public Safety project transfer	174,000
	(remaining \$150k of 324k, to paving)	
	ABC revenue	83,000
	(reallocated from Public Safety project to general fund	
	\$2 recycle fee increase	40,000
	Reduce FFN series	10,000
	Remove Festival fireworks	6,500
	Remove Planning full time, leave part time	48,500
	Reduce County election fees (non election year)	5,000
	Increase Police training budget	(3,000)
	Total of above	504,000
	General Fund balance appropriated	60,000
	Total	564,000

UTILITY FUND REVENUES, OPERATING & CAPITAL Mr. Weichel noted that the Utility Fund is currently balanced. At the Budget Retreat, the Council requested to see the water rates at 2.0, and McGill Associates provided that information to Mr. Weichel. Mr. Weichel noted that the utility budget was currently balanced based on a 1.5 multiplier for outside water rates, which includes Triple Community.

Town Council Supplemental Data Request

Provide additional data table showing Triple District Water Rate True-Up over the 2-year transition period based on reaching an Inside to Outside Water Rate Multiplier of 2.0, rather than 1.5.

McGill Presentation Slide 12: Rate True-Ups: 2-Year Transition Period
(rate multiplier label added for clarification)

Triple Water Rate True-up: 3,000 gallons
Inside to Outside Water Rate Multiplier: 1.5

Customer Class	FY24	FY25	FY26
Inside Residential Water	\$38.50	\$40.05	\$41.70
Triple Water	\$38.50	\$50.05	\$62.55
Outside Residential Water	\$54.80	\$57.00	\$62.55

Supplemental data table as requested.

Triple Water Rate True-up: 3,000 gallons
Inside to Outside Water Rate Multiplier: 2.0

Customer Class	FY24	FY25	FY26
Inside Residential Water	\$38.50	\$40.05	\$41.70
Triple Water	\$38.50	\$60.95	\$83.40
Outside Residential Water	\$54.80	\$69.10	\$83.40

Slide 13 revision based on revised Inside to Outside Water Rate Multiplier increase to 2.00.

Monthly Water/Sewer Bill: 3,000 gallon Usage
Inside to Outside Water Rate Multiplier: 1.5

Customer Class	FY24	FY25	\$ Change
Inside Residential	\$46.80	\$50.85	\$4.05
Outside Residential	\$70.25	\$77.10	\$6.85
Inside Commercial	\$48.80	\$53.05	\$4.25
Outside Commercial	\$97.20	\$105.65	\$8.45

Supplemental data table as requested.

Monthly Water/Sewer Bill: 3,000 gallon Usage
Inside to Outside Water Rate Multiplier: 2.0

Customer Class	FY24	FY25	\$ Change
Inside Residential	\$46.80	\$50.85	\$4.05
Outside Residential	\$70.25	\$89.20	\$18.95
Inside Commercial	\$48.80	\$53.05	\$4.25
Outside Commercial	\$97.20	\$105.65	\$8.45

Council members discussed the different options and the need to increase water rates due to aging infrastructure. Mayor Watts noted that we need to be fair and equitable and not gouge our neighbors. Council would like to look at the 2.0 multiplier for outside water rates over two years and no increase to the inside water rates. Mr. Weichel said that our sewer rates were significantly low. Council members discussed an increase for the bulk customers and would like to see what 6% looks like. Water Resources Director Greg Padgett reminded Council that all we do for bulk customers is sell them water or take wastewater. Mr. Padgett said that we do not maintain their pipes and that is why the prices are the way they are.

Councilman Harvey would like to refer the following to the Efficiency Task Force:

- \$85,000 Dumped Truck and Sludge Trailer
- \$600,000 Vactor Truck—Mr. Weichel suggested removing this from the Capital and bumping the contracting services up to \$30,000 in the budget so we can flush more lines every year.
- \$100,000 to replace an agitator – Councilman Harvey wants to see McGill look into this deeper. Councilman Harvey would like to know if there are other ways to aerate water. Mr. Padgett said there are different ways, but they are more expensive. Mr. Padgett said that we need three instead of one. Mr. Padgett noted that it might take two years to get them once ordered. Mr. Padgett said we needed three aerators, each costing \$300,000. Mayor Watts believes it would be best to get all three at one time. Councilwoman Ward agreed.

Mr. Weichel recap the Utility Fund adjustments:

UTILITY FUND	
<i>Recap:</i>	WATER: Outside rate 1.5x to 2.0x multiplier, over two years
	WATER: Inside residential, no increase
	WATER: Commercial and Industrial, leave as proposed
	WASTE WATER: Residential, Commercial, & Industrial leave as proposed
	WATER & WASTEWATER: for BULK (Drexel, RC, Burke Co.) customers, 6%
	Remove Vactor Truck and associated debt payment
	Change \$300,000 for one aerator to \$855,000 for three aerators at WWTP

ADJOURNMENT: At 8:22 p.m., there being no further business to come before Council, Councilwoman Lowman made a motion to adjourn, seconded by Councilman Mears. The vote was unanimous.

The next meeting is a regularly scheduled meeting on Monday, May 6, 2024, 6:00 p.m., Valdese Town Hall.

Town Clerk

Mayor

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