

**TOWN OF MAIDEN**  
**May 18, 2020**  
**MINUTES OF BUDGET MEETING**

The Maiden Town Council met on Monday, May 18, 2020 at 6:00 p.m. for their annual budget meeting, held at 207 E Klutz St. Maiden Town Recreation Department.

Present for the meeting were, Mayor Max Bumgarner Jr., Councilmembers Trina Michael, Beth Rudisill, Bob Sigmon, Danny Hipps and Ronnie Williams.

Also, present were Town Manager Todd Herms, Town Attorney Scott Conrad and Town Clerk Wanda Barnes.

Others attending: See attached sheet.

4. Budget Meeting Presentation

Town Manager Todd Herms presented the revenue projections for year budget year 2020 -2021. He states that the projections used for the budget was provided by League of Municipalities and the School of Government. Those sources provided ranges and that was the target for the budget. Mr. Herms said the goal is a very conservative budget, but we must wait until the revenue numbers return. Once we have the numbers, we can revisit the budget in the Winter, if needed. Councilmember Hips ask Mr. Herms what revenues are being discussed and if property tax will be there regardless? Mr. Herms confirms that the property tax will be included and he is discussing sales, utility franchise and power bill tax. Councilmember Hipps inquires if they go in the general fund or have their own fund. Mr. Herms said they are in the general fund but have their own budget. Mr. Herms continues to present the budget, stating that the property tax will remain the same with no increase to water, sewer and electric. He recommends a fifty cent per month per house whole trash and bulk rate. With everyone being home there has been a thirty seven percent increase trash and bulk weight collection. No change in wholesale electricity, however we will receive a working capital credit. A three percent increase from Hickory for water wholesale. Mr. Herms states he is unsure the three percent will be passed on, but that is what Hickory's staff recommended. Republic is 3.5% and that is tied to CPI on trash collection. Employee health insurance was budgeted for 8 percent but came in higher. With negotiations it came down to 6.5 percent. The 6.5% is for the employee, but the family will stay the same. Mr. Herms said we have a few employees with the family plan; therefore, his goal is to try and keep the rate to a minimum. Councilmember Rudisill inquiries about the employees making changes to the benefits during the year or only at enrollment period. Mr. Herms states that employees can makes changes during open enrollment, after that they can only make changes to benefits during a life event.

Mr. Herms shared that staff found a resolution found in 1994 that establish a former policy to transfers fund from the enterprise funds into the General Fund. Mr. Herms states that he anticipated making this transfer to catch up on pavement. The transfer allows for equal to and no less than one percent and no more than five percent of the previous years gross revenues to be transferred into the general fund revenue. The total is around \$495,000.00 or equal to 5.9 percent property taxes. Mr. Herms goal was to implement this, since the general fund and the electric fund is stable. He stated that the funds would have been used for pavement. Councilmember Michael asks if the resolution come from the local or state level. Mr. Herms confirmed that the state passed a rule in the early 90's that allows cities to pass this resolution. The Town passed the resolution, but it hasn't been used in fifteen years because electric wholesale rates increased. It was a tool to keep the rates

down. Councilmember Hipps ask if other cities have implemented it. Mr. Herms stated that other cities have implemented the resolution at different percentages. It's based on what authority city was given in 1994. Mr. Herms call the Auditor and she did not support the resolution, therefore his call to Treasury Department who stated that this transfer was allowable. Councilmember Michael asks about the parameters of the resolution. Mr. Herms confirms that you can determine the parameters, but once it is implemented Auditors will have questions. Councilmember Williams ask who will question the implementation. Mr. Herms stated the Auditors. Councilmember Michael questions if Mr. Herms is considering the implementation in lieu of raising taxes? Mr. Herms said the Councilmembers raise taxes and his goal is to balance the budget.

Mr. Herms states that the project revenues for FY 2020-2021 general funds is approximately \$9.4 million, electric funds \$6.7 million, and water/ sewer \$2.7 million; for a total around \$18.9 million. The general fund is 50 percent, electric 36 percent and water/sewer 14 percent of the total recommended budget. This is a decrease for the fiscal year 2019-2020. General fund for last year was \$9.8 million. The projection was over \$10 million, but from the effects of Covid- 19, it's about \$8.8 million. The majority of the electric fund lost is GKN slowing down. This is based on GKN start up June 1 and that is depending on BMW. Mr. Herms states this budget is an educated guess. Councilmember Hipps inquiries about the 2 million on the general fund. Mr. Herms said the sales tax was high until the first quarter and he included expansions. Councilmember Hipps states that he found contradiction while reading the budget and thought there should be some offsets. Mr. Herms stated, there will be some offsets. Councilmember Williams ask to revisit the electric and is that with GKN operating? Mr. Herms said if GKN do not operate that number will decrease. GKN has told us that they will not use as much gas, which will also affect our general funds revenues. Councilmember Williams stated that he has concern about the Hickory water rate increase and how much money is the increase? Councilmember Michael ask if we are contracted to purchase a set amount of water from Hickory. Mr. Herms said yes. Mr. Herms confirms that the Hickory water rate increase is \$13,865.00. Councilmember Williams suggests increasing the base rates by 1.5 percent. Mr. Herms states that the current rates are low, but do not think it is a good time to raise rates. Mr. Herms said residential will not feel the effects of the increase, but commercial businesses will. Councilmember Williams states just raising the base rate. Mr. Herms ask is it worth it. Mr. Herms stated that he will take the increase, if they would like to raise the rates. Councilmember Michael states that the Councilmembers have worked hard at keeping the rates low for the Citizens. Mr. Herms states that when Delta Mill closed the water/sewer expenses were cut and never returned to the same levels when Southfork opened. The fund balance has gained over the years and the water/sewer is the healthiest fund by percentage. Councilmember Williams states the increase is only \$4,500 a year for 1,577 customers. It will offset the \$13,000.00 dollars. Councilmember Michael's suggests putting the graph in the newsletter. Mr. Herms states that it is in the newsletter and on the bill insert. Councilmember Williams states that Hickory increased rates by three percent last year, this year and a possibility next year. Councilmember Williams states he have a concern about Republic rates. Mayor Bumgarner states he isn't in favor of a rate increase and it's the worse time for an increase. He suggests taking a look at an increase in January. Councilmember Michael states that she supports the Mayor about taking a look at a rate increase in January for the street pickup. We have absorbed the rate for years. Mr. Herms states that he has concerns about the waste and recycle rates because the landfills have increased their rates. Councilmember Hipps states that we have been at a \$0.38 tax rate for a long time and he support Councilmember Williams and Michael. Mr. Herms said we are able to continue at this rate because of Apple's expansion. Councilmember Williams states that the Town is in the hole about a hundred and sixteen thousand dollars because of waste and recycle. It's costing us more than the revenue returns. Mr. Herms stated that those figures does not included labor and the Council will have to make a decision about recycling in the future because in a few short years recycle will cost more than picking up trash. Councilmember Williams said three of four years ago recycling made money and now it is costing us money. Councilmember Michael asks

when we reduced taxes. Mr. Herms states that taxes were reduced twice after Apple came. The general fund increased from 3 Million to 8 Million. Councilmember Williams states that the new housing development will increase rates due to the need for a much large sewer line from the north side of town.. Mr. Herms said if they develop just houses it will not cost as much. Councilmember Williams said 321 and west Maiden road development will also be another increase. The property taxes on the homes do not help with cost. Councilmember Michael said we have to do something. Councilmember Williams suggests the budget goes into effect on July 1 then take a look at an increase in December. Councilmember Williams suggests going with the minimum rate increase. Mr. Herms states to balance the budget between fund balance and transfers, that's the numbers and the Town will receive a \$1.48-million-dollar credit from electricities on the July bill. The Power agency made more money than anticipated, and they are drawing down working capital. About a \$100 million dollars. Mr. Herms recommends taking \$400K dollars and putting it in contingency and use the remainder to balance the budget. Tax base projections remains the same. Mr. Herms said he is concerned about the tax base but thinks the other cuts will offset it. Property taxes will also be affected if companies close. Councilmember Williams inquires about the Fed's giving assistance to the Municipalities. Mr. Herms said the Cares Act provides four billion dollars to North Carolina and one hundred fifty million dollars is for local government which went to the counties, if the Treasury alter how it will be allocating another \$150 million may be release. Catawba county received \$2.8 million. It can only be use for Covid-19 direct expenses. Example, if we bought gates to close down the Recreation parks, that money would be reimbursed. Councilmember Hipps ask can we use the money for paying salaries during Covid- 19. Mr. Herms stated no not at this time unless 100% of their job is COVID-19 and then it is questionable at best. They are trying to get the Treasury to modify the regulations, half of the money for local governments are in reserve being held. Councilmember Hipps said he doubt if they will allow them to hold a hundred and fifty million dollars. Mr. Herms said he agrees and everyone is working with Catawba County now on a claims that must be submitted in two weeks. Councilmember Hipps confirms that \$2.8 million went to Catawba County for disbursement. Mr. Herms said it goes to the county and they determine what is given to the Municipalities. Mr. Herms stated that he had a meeting with the County Manager and they are to determine their expenditures. Mr. Herms said he is thankful that we have a working relationship with the county. Councilmember Michael questions the type of Covid-19 expenditures. Mr. Herms states an example would the PPE purchased for the employees, but it's purchases prior to Covid-19 is not eligible. Councilmember Rudisill states that the Town should have limited expenses. Mr. Herms said the Municipalities will not have as much as public Health, because of public health education. Public Health will receive the majority of the funds. Mr. Herms states he is unsure how much of the funds we will receive, if any. The funds cannot be used to offset revenues. Councilmember Michael ask Mr. Herms if Catawba County do not use all the funds, where does it go? Mr. Herms said the funds will be returned and it must be spent by December 31st.

Mr. Herms states the tax rate is base off the prior year and he unaware of anyone seeking a tax increase. Councilmember Hipps ask if anyone is seeking a tax increase. Mr. Herms said he is not aware of anyone. Councilmember Hipps ask including the County. Councilmember Michael said she is in disbelief that no one is seeking a rate increase. Mr. Herms gives the overall tax rates, since 2008. It was forty cent and reduced to thirty-eight. Mr. Herms states the tax break down. He also had concern because they were considering a tax holiday in the state of North Carolina for motor vehicles.

Mr. Herms states no salary increase is recommended at this time for employee's except current on a probation period or professional development completion. Councilmember Rudisill states she struggles with not giving employees an increase. Councilmember Hipps said he appreciates all that the employees do and stated he struggle with it at first, but after reviewing the employees were paid during Covid -19 to stay at home. He said

that is a large benefit. Mr. Herms said he do not think the employees are expecting an increase this year. They understand the situation. The employees are extremely happy that the Town took care of them during this unknown situation. Councilmember Hipps said the pay study gave the employees a nice increase. Councilmember Michael supports that the pay study gave the employees a favorable increase. Councilmember Hipps states he has to layoff thirty- three percent of his staff off this week. Councilmember Hipps said the employees is the most valuable resources, but we have supported them during this time. Mr. Herms states that the employees are grateful for not having a layoff, while other cities are laidoff. Mr. Herms said he express to the employees, that the benefits of working for the local government is no layoffs and the Council isn't anticipating benefit cuts. Councilmember Michael's suggests a one-time bonus. Mr. Herms said a one-time bonus can be given at any time. Councilmember Michael's struggles with not given an increase, but thankful that the employees still have a job and benefits. Councilmember Hipps suggests giving the Police and Fire department vacation compensation for working during Covid-19. Mr. Herms said he agrees and the Police, Fire and Karen will receive the additional vacation. Councilmember Michael ask for clarification on the employee's hours and pay. Mr. Herms stated the town followed the Public Health guidelines, the employees split shifts with the same pay. Councilmember Williams asks about the department heads schedule. Mr. Herms confirmed that the department heads split shifts, but he depended on them a great deal while working from home. Councilmember Michael's said she would like to treat everyone the same.

Mr. Herms states new salary breakdown mets the recommended guidelines by our auditors. Mr. Herms said the general funds highlights, is an incentive payment to Apple. There will be one more large payment to GKN and next year it will decrease. Mr. Herms states other highlights are two police cars, but he asks for three and we are moving a hundred and ten thousand dollars into a tanker for the fire departmnet. Councilmember Hipps ask how much is the tanker? Mr. Herms said he thought the tanker is around two hundred and eighty thousand dollars. Software update will come out of the utility fund, with a hundred and five out of electrical and split the remainder. Mr. Herms said its finance software for utility billing. Councilmember Hipps ask if it will be charged to every department. Mr. Herms stated it will be charged to three departments, since the bulk of the software is for utility fund. Electrical budget is six point seven and wholesale rate will remain the same. We will receive the one time credit in July/August. Councilmember Hipps inquiries about the project revenues last year for fund thirty. Mr. Herms states that it is seven point five, minus one point two. Councilmember Hipps asks if it was seven point five. Mr. Herms states eight point seven million. Mr. Herms states the top customer is GKN.

Mr. Herms states that sanitation creates a loss. Councilmember Williams suggest a fifty-cent increase. Councilmember ask if the increase is from eight to eight fifty. Mr. Herms states that Newton, Conover and Hickory process their own sanitation. Maiden, Claremont, Catawba and Longview use republic. Mr. Herms states the larger Towns process their own sanitation. Councilmember Michael inquiries about Republic competition. Mr. Herms stated we can bid it out, but no one bided on the prior bid. Currently, Maiden have fifteen hundred and fifty-five customers. We are budgeting for a seven point seven five increase. Republic is three-point five percent of that total the remainder is landfills. Councilmember Williams ask if the proposed increase is fifty cent per house whole and she would like to make everyone aware that the Town is absorbing a hundred and sixteen thousand dollars. Councilmember Rudisill said with a fifty cent increase we will have to review it again next year. Mr. Herms said he only requested fifty cent because in a few years we will need to be at ten to eleven dollars. Mr. Herms state he will accept whatever Council recommends. He suggests ten or eleven dollars by 2023. Mr. Herms said originally, he was going to recommend a dollar, but the current state of the economy he recommends fifty cent. Mr. Herms said the one dollar fifty cent increase will be nine dollars and fifty cent. Councilmember Michael states that will be eight teen dollars extra a year per house whole. Mr. Herms confirms that will be nine dollars and fifty cent. Mr. Herms said, if the increase is ten dollars, the

Council needs to agree not to go up next year. Councilmember Hipps stated to not forget that times are tough right now. Mr. Herms stated when we pass the budget there must be a public hearing. Councilmember Hipps said he would like to see the budget around March or April. Councilmember Hipps said the budget is the Council's largest task. Mayor Bumgarner suggested a dollar and we can revisit the increase in January, if need be. Mr. Herms asks what the Council think about a planning session in early December? Councilmember Hipps suggests another month, since everyone is busy in December. Councilmember Michael said she welcomes the idea. Mr. Herms stated his goal is to put a budget together for the Council that they want. Councilmember Sigmon states it's a large number of citizens on fixed incomes in Maiden. Mr. Herms stated that Claremont uses a formula of the Town paying sixty percent and the citizen pay forty, but they are not full service either. Councilmember Michael states she is sticking with the dollar fifty. Mr. Herms suggests increasing rates a dollar fifty every year until the goal is reached. Councilmember Rudisill inquires about the final increase. Mr. Herms stated a dollar fifty each year until we reach the goal.

Mr. Herms said the water budget is one point three million, wastewater treatment plant six hundred and fourteen thousand and sewer forty five thousand. The fee schedule will change. Mr. Herms asks if anyone see any cuts. Councilmember Williams asks if the hundred and fourteen thousand is for the two police vehicles? Mr. Herms stated yes, but the Police Chief asked for three. Councilmember Michael asks how old the fire trucks are. Mr. Herms said they are on a rotating schedule, with next purchase being a tanker. Councilmember Hipps said it is a 1986. Councilmember Williams inquired about the additional person/Fire Chief for ninety thousand. Mr. Herms said yes. Councilmember Williams said is a one or two-person position. Councilmember Hipps asks if a grant will pay for some of the salary. Mr. Herms said that the Fire Chief told him that it would. Councilmember Williams said do we need a full time Fire Chief. Councilmember Michael said yes and finding a good Fire Chief will be hard to find. Councilmember Hipps said we can get by with a part-time Chief. Councilmember Hipps said we have full time staff working with no department head level supervision most of the time. Councilmember Williams said with a part-time person, they are not eligible for benefits. Councilmember Williams states we are getting ready to build a multimillion-dollar fire station and to hire a part-time Fire Chief would be an advantage to the Town. Councilmember Hipps stated that he feels as if Tracy will resign from that position and it will take a special person to fill his role. Councilmember Michael said she hear it is difficult to fill that position. Councilmember Rudisill said you will hire a better employee, if they are full-time. Councilmember Michael states the position should be included in the budget. Councilmember Williams said will the position be full or part-time. Councilmember Rudisill said part-time options would only be retirees. Councilmember Rudisill recommends full-time. Councilmember Hipps said we need to ease into filling the position. Councilmember Hipps do not think the Town can afford a full-time Fire Chief. Councilmember Michael said a part-time Fire Chief should be included in the budget. Councilmember Hipps said he supports a part-time Fire Chief position in the budget. Councilmember Rudisill said can you apply for the grant, if it is a part-time position. Councilmember Hipps said there are a few different grants available to apply for. Councilmember Williams said a part-time position will make it more difficult for Wanda and Todd to hire someone. Councilmember Hipps said she is good at hiring. Councilmember Hipps states that hiring one will make Mr. Herms life easier and it will operate better. Councilmember Hipps said hiring someone will have a lot of advantages, if he can figure out the funding for the salary. Councilmember Michael said she have questions about some of the numbers. She asks how can all the departments can take such a cut on supplies? Mr. Herms states because this a conservative budget. Councilmember Michael asks are we ordering items we do not need. Mr. Herms said that this is a show string budget and times will be tight next year for sure. Councilmember Hipps asks if we need to budget for legal services regarding the accident. Mr. Herms said he was told that our Workers Comp and Liability insurance will cover those fees and he was told OSHA will also fine us. Councilmember Hipps asks about the status of the new fire department. Mr. Herms said the goal was to get the

county to pay for forty percent because forty percent of the calls come from the county area. Mr. Herms said he doubt if they will be able to provide those funds now, but it is up to the Council to move forward with the loan without the county's help. Councilmember Hipps ask if they officially agreed to fund the station prior to Covid-19. Mr. Herms said they were favorable to the idea. Councilmember Hipps said when we plan for the Police Department and the Town Hall, did that money come out of the general fund? Mr. Herms said I will have to confirm it, but yes general funds. Councilmember Hipps said he support paying for it from the general fund. Councilmember Williams ask about the stairs and pads for the baseball field and is it a liability issue. Councilmember Hipps inquires about baseball season. Mr. Herms confirms the cancellation of baseball, softball, and t-ball season. Councilmember Williams said what is the thirty seven thousand dollars for the cemetery? Mr. Herms said that is the cemetery lawncare service for both cemeteries. Ms. Barnes states that should include the Pontem software. Mr. Herms said he would verify, but he think it is lawncare service and software. Councilmember Michael said there was an increase in the newsletters and what was the reason. Councilmember Michael said the contract funds were down. Mr. Herms said they are down because we do not have capital projects this year. Councilmember Hipps said are we receiveing reimbursements for the Fireman salaries. Mr. Herms said we will receive eighty five thousand and five hundred back. Mr. Herms said he may have been to conservative on some of the items. Councilmember inquires about the new business permits. Councilmember Hipps ask when Blake will return he would like to know about the historical building. Mr. Herms said Blake came back today. Mr. Herms said he would like to summarize the budget. There will be a \$1.50 increase on sanitation, we will apply for a grant for a part-time fire chief, vacation for employee who did not have the opperunity to split shifts during the early stage of COVID-19. Councilmember Williams ask do we have key-man insurance on anyone. Councilmember Hipps said he appreciate everyone's professionalism during the accident. Councilmember Michael said how do we acknowledge Joe. Mr. Herms said we will wait to hear back from the family and wait until OSHA has completed the investigation. Mr. Herms said he would like to have something for the employees. Councilmember Michael said how many were onsite of the accident. Mr. Herms said four. Mr. Herms said it will be a list of changes from the accident and we will learn from it. Mr. Herms said this is the first linemen death for public power in NC, since 1997. Mr. Herms said all of the safety items needed was provided to him. Councilmember Rudisill said what is the status on the food trucks. Mr. Herms said it was approved and he is working on a list.

Respectfully Submitted: Wanda Barnes, Town Clerk

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**Max Bumgarner Jr., Mayor**

**ATTEST:**

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**Wanda Barnes, Town Clerk**