



**TOWN OF GRANITE QUARRY
BOARD OF ALDERMEN
SPECIAL CALLED MEETING MINUTES
BUDGET WORKSHOP
Thursday, May 21, 2020**

Present: Mayor Bill Feather, Mayor Pro Tem John Linker, Alderman Jim Costantino, Alderman Doug Shelton

Not Present: Alderman Kim Cress

Staff: Town Manager Larry Smith, Town Clerk Aubrey Smith, Fire Chief/ Maintenance Supervisor Jason Hord, Police Chief Mark Cook, Finance Officer Shelly Shockley

Call to Order: Mayor Feather called the meeting to order at 4:00 p.m.

1. Approval of the Agenda

ACTION: Mayor Pro Tem Linker made a motion to approve the agenda as presented. Alderman Costantino seconded the motion. The motion passed with all in favor.

2. Discussion **FY 20-21 Budget**

Mr. Smith reviewed the attached handout with the Board. The Board made statements, asked questions, and discussed priorities for the budget.

Highlights and follow-up items from the discussion:

- The majority of the Board felt the tax rate should remain the same. Mayor Feather felt the tax rate should be lowered to an even .41.
- Alderman Shelton requested that the Fund Balance Policy be amended to add a dollar figure rather than a percentage for what should remain in the account. He asked that this be discussed at a future meeting. The Town Manager will distribute copies of the current Fund Balance Policy for review.
- The Town Manager will draft a Non-Profit policy for the Board's review at the next meeting.
- The Town Manager will draft a Longevity / Bonus policy for the Board's review at the next meeting.
- The Joint Police Authority agreement amendment will be placed on the next meeting agenda.
- There was Board consensus to discontinue the administrative Business Registration program.
- The Town Manager will prepare the Budget Message for the Board and present it to them next week.
- The Board will discuss whether to terminate the State of Emergency at the next meeting.

Adjourn

ACTION: Alderman Costantino made a motion to adjourn. Alderman Shelton seconded the motion. The motion passed with all in favor.

The meeting ended at 5:46 p.m.

Respectfully Submitted,

Aubrey Smith

Town Clerk

TOWN OF GRANITE QUARRY

BOARD OF ALDERMEN

BUDGET WORKSHOP

May 21, 2020

4:00pm

1. Overall status & approach

- Reconstructed and thoroughly evaluated budget this FY; much more accurate
Downside is COVID impacts over next year
- Capital & Grant Project Ordinances, training(!) and efficiencies in procedures
- Budgeting worst-case and with latest data and forecasting possible
Cut capital expenditures where possible; prioritize others for review of revenues / consideration of budget amendments at the end of each quarter (possibly + a month)

2. Revenue Forecasting

A. Ad Valorem Taxes (41% of this year's budget)

- Projected EOY collections actually up from what we budgeted
- Clarifying Tax Office's new reporting format to calculate statutory max tax percentage

B. State shared distributions (37% of this year's budget)

Local Option Sales Tax (Articles 39-44 + hold harmless)

- Projected EOY estimate \$742,920
- Projected FY20-21: *Moderate: \$761,930; Severe \$745,529; Most Conservative \$719,146*

Utilities Franchise Taxes (Electricity, Piped Natural Gas, Telecommunications, Video Franchise Fee)

- Projected EOY estimate \$145,050
- Projected FY20-21: \$144,484

C. End of year projecting generally; "rollover" balance especially from COVID reductions

3. Policy v Administration

A. Fund Balance

- Current target is to maintain 50% of state peer group average (64%) = 32%
- Manager's red flag is state peer group average (64%)
- As of April 30th, available (unrestricted) FB was \$1.95 million (75.66%)

B. Powell Bill - Streets and Sidewalks policies / budgeting

Drafting up to account for loan amortization schedule, reserves, and streets/sidewalks split

C. Nonprofit funding – Nonprofit Funding Request Policy / Program

Recommendation is to not add funding to it FY20-21 though, or at least > 2nd quarter review

D. "Needs v wants", "Spend it or lose it", trust-building between Board and staff

Budget amendments v factoring in a little more leeway?

4. Salaries, Recruitment and Retention
 - A. Salary Survey (statewide & local comps)
 - B. Structural Assessment (Admin spreadsheet)
 - Admin – planning
 - PD / COPS Grant
 - C. Work environment / retention & recruiting
 - Participation Award
 - Detractors
 - Boosters (training, resources)
 - Teambuilding (depts AND with Board)
 - D. Longevity Pay (formula?)
 - E. Professional Services (Planning, Finance consultants)

5. Joint Police Authority
 - A. Handout from May 20th JPA meeting regarding budget formula
 - B. Capital Outlay – Vehicle: Rollover funds, revisit 3rd or 4th quarter
 - C. 10 positions (including the 2 added FY19-20); 1 frozen
 - D. COPS grant – would pay 1 position Yr 1: 1--%;

6. Generally
 - A. Schedule of Fees
 - Full review
 - Business Registration Fees: 18/19 = \$350; 19/20 = \$690
 - B. Review of carry-over goals & priorities

Agenda Item Summary

Joint Police Authority Meeting

May 20, 2020

Agenda Item 3

Summary

At the last meeting's discussion on the JPA budget formula, JPA asked if staff could supply some scenario calculations based on population and budget increases. **Please see the attached illustrations and notes.**

There are a lot of potential benefits to moving to a flat rate (e.g., budgets, governing). To ensure the protection of both towns' interests, a flat rate would simply need to be reviewed every few years to make sure the amount was still equitable and reflecting then-current conditions.

If the JPA decides to recommend moving to a flat rate agreement, the following motion could be made. Staff from both towns would then work together to qualify the motion and draft the appropriate format for consideration by the two Town Boards. Each Board can then discuss the amount and terms

Action Requested

Motion to recommend moving to a flat rate of \$_____ for the Town of Faith's portion of the JPA budget for a period of two years).

JPA Budget Formula

Motion Made By:

- Chairman Smith
- Mayor Feather
- Mayor Moody
- Mayor Pro-Tem Linker
- Mayor Pro-Tem Lyerly

Second By:

- Chairman Smith
- Mayor Feather
- Mayor Moody
- Mayor Pro-Tem Linker
- Mayor Pro-Tem Lyerly

For:

- Chairman Smith
- Mayor Feather
- Mayor Moody
- Mayor Pro-Tem Linker
- Mayor Pro-Tem Lyerly

Against:

- Chairman Smith
- Mayor Feather
- Mayor Moody
- Mayor Pro-Tem Linker
- Mayor Pro-Tem Lyerly

Summary - JPA Budget Formula

At the last meeting's discussion on the JPA budget formula, JPA asked if staff could supply some scenario calculations based on population and budget increases. Below are some illustrations.

Village at Granite advises that construction is slowed down and they're not sure what to expect until - and even after - COVID impacts level out. We just used that development as an example since it is a familiar reference.

- Scenarios 1 and 2 show different budget amounts for comparison.
- A and B for each scenario show how hypothetical population increases in GQ (and if there was no increase in Faith's pop) would affect Towns' shares by formula vs flat rate.

Proposed JPA Budget without vehicle							
		Scenario 1		1A		1B	
		Current Conditions and Proposed Budget (- vehicle)		GQ Population Change Village at Granite 53 Homes (+~159 pop)		GQ Population Change Village at Granite 100 Homes (+~300 pop)	
Budget		<u>\$687,140</u>		\$687,140		\$687,140	
GQ population		3120		<u>3279</u>		<u>3420</u>	
Faith population		830		830		830	
		By % Formula		By % Formula		By % Formula	
GQ		79.0%	\$542,754	79.8%	\$548,341	80.5%	\$552,946
Faith		21.0%	\$144,386	20.2%	\$138,799	19.5%	<u>\$134,194</u>
		By Flat Rate		By Flat Rate		By Flat Rate	
GQ		80.2%	\$551,140	80.2%	\$551,140	80.2%	\$551,140
Faith		19.8%	<u>\$136,000</u>	19.8%	<u>\$136,000</u>	19.8%	<u>\$136,000</u>

Proposed JPA Budget with vehicle							
		Scenario 2		2A		2B	
		Current Conditions and Proposed Budget (+ vehicle)		GQ Population Change Village at Granite 53 Homes (+~159 pop)		GQ Population Change Village at Granite 100 Homes (+~300 pop)	
Budget		<u>\$733,140</u>		\$733,140		\$733,140	
GQ population		3120		<u>3279</u>		<u>3420</u>	
Faith population		830		830		830	
		By % Formula		By % Formula		By % Formula	
GQ		79.0%	\$579,088	79.8%	\$585,049	80.5%	\$589,962
Faith		21.0%	\$154,052	20.2%	\$148,091	19.5%	\$143,178
		By Flat Rate		By Flat Rate		By Flat Rate	
GQ		81.4%	\$597,140	81.4%	\$597,140	81.4%	\$597,140
Faith		18.6%	<u>\$136,000</u>	18.6%	<u>\$136,000</u>	18.6%	<u>\$136,000</u>

I just used the flat rate of \$136,000 that the Town of Faith advised me they were discussing. If the two Boards were to consider a flat rate moving forward, then *whatever* that flat rate is, the charts above illustrate at what point that flat rate would cross the threshold of the original percentage formula's amount (for instance, if the flat rate was \$136,000, and if GQ was to grow by 300 people and Faith remained the same, then the highlighted cells show that would be about the "break even" point).