

Town of Lake Santeetlah

Special Meeting Minutes

May 7, 2024

Mayor Simon called the meeting to order at 10:00 AM. The purpose of the Special meeting is to discuss the 24/25 Budget. Councilmembers Hager, Predmore, and Strunk were present for the meeting. Town Administrator Kim Matheson and Town Clerk Kala Farley were also present.

Councilmember Hager made a motion to approve the Agenda. Councilmember Strunk seconded. All approved. The motion passed unanimously.

New Business:

1. 24/25 Budget Discussion: Matheson said the only change made since the previous budget workshop was going back to the .209 for the millage rate and that has allowed an addition of \$6000 to the Planning Board and, if they need it, there is another \$6000 they can use, making it \$12,000 total. The Planning Board may need funds for legal, a survey, if they need to have a Public hearing, or rewrite some of the zoning, so the \$12,000 is there if needed. Matheson said that is separate from the Zoning Administrator which has \$8000. Matheson said in the Water Fund the proposal of raising the base rate to \$155 and the consumption to \$4.50/1000 gallons was in the draft budget at the previous budget workshop. Matheson said some of the staff and Council members went to a training session and one of the things brought up several times was making sure your enterprise fund has enough money to cover any expenses that you feel like you are going to have for the Town, and also that fees need to be re-evaluated yearly to make sure they are covering expenses. Hager estimated the cost of replacing the batteries in all the water meters would be around \$40,000 and Matheson mentioned there is upcoming maintenance and possible repairs that need to be done to the water tanks in the next two fiscal years. Matheson said the water rate increase will help raise Town Reserves to cover those expenses. Hager said the cost of chemicals have gone up and the electricity cost to pump all the wells has increased. The Water Operators pay was increased by \$100 a month since it hasn't been increased in a few years. Matheson said everything has gone up in terms of operating cost, office equipment, supplies, et cetera, so she did try to increase everything a little bit.

Mayor Simon referenced Line 12 in the Water Fund, \$20,000 for Loan for water upgrades, and asked if that was a set thing or if it could be increased to

pay more towards the loan. Matheson said she has reached out to try to clarify if that can be done because when the Town initially did the loan it seemed the principal payment had to remain the same the entire time. Matheson said the interest can fluctuate but the principal has to stay the same and that is what she was trying to find out for sure to see if extra can be paid in order to pay the loan off sooner.

Mayor Simon said another reason they had the millage rate stay the same was to cover some of the paving that needed to be done. The estimate that recently came in to do the paving on three roads was \$66,000. There is \$40,000 in the budget for Paving so some will have to be used out of the Paving Reserves to cover the rest of that balance.

Strunk said regarding Line 2, Revenue in the General Fund, he believed there was nothing in there for new home construction coming online in the next 14 months and some of those homes look like they are very close to being completed. Matheson said two new homes had been added to the scroll that was received this morning and Hager said that it had gone up approximately \$734,000 for those two new building. Hager said that brings in less than \$1600 to the Town. Matheson said the new houses that are under construction right now will not get put on the scroll until they get their Certificate of Occupancy. Strunk said he thought it was prudent to have some extra revenue in there for those houses that are nearing completion. Matheson said she could refigure that on the amount that was sent this morning from the tax assessor and adjust that figure. Matheson said that amount would fall under Line Item #3, Ad Valorem Tax. Matheson said she figured the amounts at a 98% collection rate. Hager said last year \$100,000 was budgeted for Sales and Use tax distribution and it looks like it is going to be at least \$130,000 this year.

Mayor Simon mentioned there was a question on Line 20 Advertising, \$1000, as to whether that was enough to cover advertising. Matheson said it depends on how many advertisements we need to post in the paper. Matheson said we know we are going to have to do a budget hearing but if there is another hearing, for example, if anything is changed in the zoning, we will have to do a big mailing and post signs and advertise it in the paper and that is expensive. Mayor Simon said there was a question about Line 34 Continuing Education that was dropped from \$5000 to \$2000 and asked if that was sufficient.

Matheson said the funds were not used as much as planned because she was unable to get in to the two classes she wanted to take, but hopefully would be able to get in to at least one class next year. Matheson said Farley has not been to Clerk School and that may be something good for her to go to. Mayor Simon asked if the classes were in Raleigh and Matheson replied they are. Mayor

Simon said there is Line 35 and Line 36 Mileage/Travel Expenses and Meals that would cover expenses if there is travel to Raleigh for training.

Mayor Simon said there was a question on Line 56, Annual Legal Fees, and said this is covering the Town's contracted amount with the Attorney as well as some other expenses that come along with Legal, so that is giving the Town a buffer of about \$5000-\$6000.

Mayor Simon said Line 95, Paving, there is \$40,000 and will need some additional funds. Matheson said we have the \$40,000 and we have \$8000-\$9000 in the Powell Bill that we can use and we have budgeted \$40,000 to transfer to Road Reserves so we can transfer less in to Road Reserves and use some of those funds to pave roads. Hager said what the Town has scheduled for paving and what is in the bank is only a \$5000 difference. Mayor Simon said in Capital Roads Reserve we have a little over \$59,000.

Matheson said we are taking down two small water tanks and the 10,000 gallon tank in the 24/25 budget year for regular maintenance that is needed and will take down one small tank along with the big tank up top in the 25/26 budget year. Predmore asked if any money was being put in Reserves for future water tank replacement. Matheson said the Water Money Market has \$34,788. There is a small Water savings account at First Citizens that has \$11,000 and the total balance of the Water Fund is \$87,000, so it might be that we need to take some of that money and put it in a CD. Predmore recommended doing that.

Mayor Simon asked if anybody else has anything for open discussion. Roger Carlton said there is one policy question he thought the Council should address on the road repaving and it had to do with a debate that came up when the zoning ordinance was going to be reviewed and approved about having a deposit on road damage that happened during construction. Carlton said pictures could be taken before any work starts and then after the work is completed to see if any damage was done to the road. If any damage had been done it had to be paid for by the contractor or the homeowner. Carlton said the Council said that wasn't allowed anymore and he had spent two hours yesterday trying to find the prohibition on this in the NCGS and couldn't find it, but said that doesn't mean it isn't there. Carlton went on to say a major portion of the Town's road paving in this year's budget is in part needed because the road was substantially damaged during the construction of the home on that road. Carlton said it seems unfair to him that when the roads need repaving in Town that the Town is going to spend \$60,000 when a major portion of that cost can be assigned and easily proven to have occurred during the construction of a house. Carlton said he would hope the Council would ask for a written legal opinion on whether or not you can take a deposit on road damage and if you can, you should. Hager said he would follow up with the Town Attorney and the School

of Government on that. Carlton said he thought it was not fair to assess everybody in Town the tax rate that includes the repair of roads caused by contractors. Matheson asked if anyone else would like to make a comment or ask a question. No one did.

Announcements:

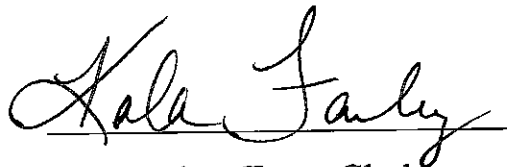
Mayor Simon said the next regularly scheduled Council meeting will be held May 15, which is a Wednesday, at 10:00 AM. The budget hearing will be within that meeting. The meeting will be held at Town Hall and by Zoom.

Motion to Adjourn.

Councilmember Hager made the motion to adjourn the meeting. Strunk seconded. All approved. The meeting was adjourned at 10:33 AM.



Diana Simon, Mayor



Kala Farley, Town Clerk