**Town of Lake Santeetlah Budget Workshop minutes**

**April 21, 2022**

Mayor Connie Gross called the workshop to order at 5:30PM. Councilmembers Tina Emerson, Jim Hager, Diana Simon and Ralph Mitchell were present. Town Administrator Kim Matheson and Clerk Emily Hooper were also present.

Finance Officer Tina Emerson presented the Draft FY 2022-23 Town of Lake Santeetlah Budget.

For the 2022-23 draft budget the total revenue from ad-valorem tax is $220,000.

Emerson provided a small explanation of each line item.

**Revenue:**

After adding the additional revenue from Franchise Tax, DMV tax, Sales Tax Refund, Powell Bill and others line items (3-16) the additional income brings the total revenue to $395,350.00.

**Administration Expenses:**

(25) Donations: Emerson feels that donations made from the Town should remain in the County.

(30) The office currently uses 2015 QuickBooks and it cannot be updated. Town Staff and Emerson have completed two Zoom meetings with Edmund Software. This software is an all-in-one system that allows staff to work together for both accounting and water needs. The software offers a lot of customized detail that would be helpful to staff and be more informative for residents (reports for meetings). If the Town moves forward to collect property tax this can also be done from this software. Online bill pay is offered for both water and taxes. The initial costs are more due to the work of gathering and downloading files and staff training. The software would cost $28,000 for the first year. The hosting costs $3,200 each year following.

(37) Payroll is decreased from last year because Scott is now on comp time rather than over time and Emily works part time.

(39) Retirement: The Town currently contributes 3% for employees in a Simple IRA plan. Part time employees are not eligible. Emerson researched joining the state pension plan for employees and explained the benefit. The other option would be the 457 plan which is similar to a 401-K. The Town can contribute more than 3% with the 457 plan. If the Town chooses to go with the Edmunds software, the software is compatible with the State Retirement plan benefits with the payroll services.

(44) The Zoning Administrator fee was decreased from $8,000 to 0.

**Governing Body:**

(48) The annual legal fees were decreased by $7,400.

(49) All other pending litigation was decreased from $10,000 to 0.

(54) The Council Members fee is proposed to decrease from $7,200 to $4,800. All members of the board will receive $100 per month. The Vice Mayor and Finance Officer currently receive $200. In the updated budget they will receive $100. The Mayor fee will remain at $200.

**Capital Outlay:**

(59) Danger Tree removal was doubled from $3000 to $6000.

**Fire Protection:**

The annual donation to the fire department is $4500. Emerson suggested this should potentially increase if the funds are available.

**Public Buildings:**

The roof on Town Hall will need to be repaired this budget year. The first proposal received was between $12,000-$15,000. This figure may be increased as more bids come in.

**Public Safety:**

(85) Emerson mentioned decreasing Contract Security funds and doing more security in the winter and less in the summer (this is just an idea). Emerson ask for thoughts of others concerning security.

**Roads and Grounds (Powell Bill):**

(92) The current leaf removal contract will be ending next year and the Council could discuss at that time purchasing a leaf machine and allow Scott to pick up the leaves and not contract that out.

(93) $8,900 is in the budget for road repair.

**Roads and Grounds (General):**

(100) Paving was left blank on this line. Emerson proposed to put 20% (18% or 15%) of Revenue each year into a Capital Reserve fund for Roads. This is done by Ordinance. According to the NC Ordinances the Town would pass a Resolution deciding how much money would go into the Reserve, what it would be used for and how it can be spent. If a Capital reserve fund was done for the roads it would be a way to accumulate money for the roads and designate the money only for road repairs. There are several roads in need of repair and having the funds available to fix them should be a priority, according to Emerson.

(101) $79,070 would be a 20% contribution of revenue towards roads.

(104) Gas prices have increases therefore this line item increased from $2,300 to $4,500.

(106) Kudzu Removal was decreased from $2,000 to 0.

(107) Lake water Quality Testing was decreased from $2,000 to 0.

(109) The town truck (2015 with approximately 95,000 miles) will need to be replaced by the next budget year. In order to plan ahead Emerson suggested a Capital Reserve fund for the truck. $7,000 from general and $3,000 from water could be placed in the account from annual revenue as well as the income from the sale of the Polaris Ranger.

(113) & (114) The collection rate for the County to collect property taxes is $13,000. This fiscal year it is too late to switch to the new software for collection. If the Town Council decides to proceed with the new software and tax collection the 2023 year would only have $5,300 and not the $13,000.

**Water fund Budget:**

(26 – 33) Payroll figures change due to the increase in retirement, but even with the increase the total for payroll is $2000 less than last year due to changes in staff.

(35) Capital Reserve Fund has $3000 set aside for a new truck.

(40) The new utility software is budgeted for $8,460.00

(72) $18,594.48 will remain in the water fund for long term maintenance (fence, scada, generator)

Matheson explained the ARPA funds received, total approximately $13,385.29. The first payment of $6,692.65 has been received and the second payment should come by August. No money has been spent at this time, it has to be spent by December 2024. This will be included in next week’s revenue in the water fund. It can be used for specific water projects.

**Public Comment:**

Hager pointed out the budget sent out was a scanned version that is difficult to read. Hager asked if the excel version could be posted and sent out.

Hager asked with the removal of funds for the Zoning Administrator what is being done to comply with NC Statutes. Hager asked Emerson to explain the plan for funding as this item is required according to the approved Ordinance. Hager referred to an email from the Town Attorney stating that a Zoning Administrator is required. What is being done to correct that situation?

Emerson stated according to NC General Statutes a Zoning Administrator does not have to be funded.

Mayor Gross explained that Matheson called neighboring Towns with Zoning to ask if their Administrator would consider partnering until our vacant position is filled.

Hager asked Gross to share the email he sent earlier this morning with the Town Attorney and the public.

Hager pointed out that the tax collection rate was very low prior to moving to the County. Hager is concerned that the collection rate will not be the 99.9% that we have now. Hager asked about how the escrow companies will become aware of the change, which is how the majority of the taxes are paid. Hager asked if the software is capable of filing liens. Emerson explained that responsibility would be Kim and Emily but don’t foresee liens being necessary. Kim and Emily would be required to take classes and learn the rules of tax collection prior to beginning collection.

Simon asked how the software produces the mailings for taxes. Simon asked if there was an option not to purchase the tax software but still get the other parts.

Emerson explained that this is a one-time mailing and then simply receiving payments for those who do not go online and pay themselves.

Gross spoke with Robbinsville Town Hall administrator Sonya Webster and Robbinsville contracts with Graham County to collect taxes for a percentage rate.

Simon asked if the donation for $500 for the library would be designated for the friends of the library or for the Nantahala Regional Library. Gross explained in order to be involved in the interlocal agreement the Town has to make a donation to Nantahala.

Simon asked if the $3,600 in office equipment should be decreased since we just replaced computers last year. Matheson explained the server, router and her hard drive had been replaced but it is uncertain when things will need to be replaced.

Simon stated the funds for Zoning Administrator should be replaced.

Simon asked if the well house roofs would be repaired as well as Town Hall.

Matheson explained that the well house roofs would need replaced, but Town Hall was the priority.

Matheson pointed out that the rate for tax collection for the Town is 5% for current year and 10% for prior year (late).

Hager asked if Mitchell (vice mayor) had any comments concerning the budget.

Mitchell stated the budget all looked good to him.

Simon stated the $600 for planting could be removed since the front entrance would be completed by Karen Taylor. Matheson explained that Aura typically plants at both the front entrance and the park.

Simon stated the $2,000 for kudzu should be added back in the budget.

Roger Carlton pointed out that last year in budget planning there were 12 items the TC considered. Carlton asked to locate that list and determine if she wished to continue with any of those items and funds them if so.

Carlton asked for the milage rate or water rates to be included on the budget.

Carlton hopes that all open items on the budget are filled in by next week to determine if the milage rate should be increased.

Carlton stated before collecting taxes, a commitment from staff would be necessary. Staff must be certified in order file liens. A certified clerk is required.

Carlton suggested Emerson request the town attorney to write an opinion letter stating that no Zoning Administrator is needed. Carlton pointed out that the Town has code requirement and no funds allocated in the proposed budget. Carlton asked Emerson to have an answer by next workshop.

Carlton suggested that the TC request comments made on the budget be done in writing by Tuesday of next week to allow time to address the issues or concerns prior to the next workshop.

Carlton stated $3,000,000 + Lakeside is needed for paving. Carlton pointed out that $10,000 was paid by the developer when Lakeside Roads were turned over. This is equivalent to approximately 16 years of Powell Bill funds. Carlton asked Emerson to rework the chart without differentiation against Lakeside. Emerson stated Lakeside is only separated on the chart because she didn’t have the detail of road length for Lakeside. Carlton suggested that Emerson consider debt financing. The cost of things are going up fast and interest rates are increasing. According to state statute this town has $8.4 million in debt capacity. The Town could do a general obligation or revenue bond. Carlton pointed out that the entire road repaving, a new truck and the remaining water upgrades could be completed within that amount. It could be set up on a 30 year plan. Carlton asked Emerson to consider this idea.

Carlton asked Emerson to include the funds for Zoning and follow all legal procedures.

Jack Gross spoke in regards to the Zoning funds being removed. Gross does not feel that it is any further of a legality to have a ZA that is informed not to enforce the Ordinance than to not have one at all.

Gross stated the 457 plan is a good plan to be involved in. Gross was personally involved in this plan and explained its benefits.

Gross stated the roof quote received was higher for metal, but the warranty was likely 40-50 years for metal and shingles would only last 15-20.

Gross stated it may be best to sell the truck rather than trade it in.

Gross reminded that the ARPA funds are very restricted and should be spent on specific water equipment that would be approved (ex. Fence or upgrade trimble).

Gross stated the previous tax rate was 96-97% before the Town contracted with the County to collect.

Dean Davidson stated that asphalt is sold by the cubic yard.

Davidson appreciates Emerson’s work on budget preparation.

Davidson explained that his personal attorney often provides advice which he chooses not to follow. By simply giving the advice or opinion their obligation has been covered under the rules of the bar association. The attorney is released of violation by providing the advice.

Betty Lobue shared that the tax bill she receives from the County is sent to Florida and she is always in NC at that time. Every year she has trouble with receiving her bill because it cannot be forwarded. LoBue pointed out this should be considered.

Simon addressed an email from Rob Kemp. $800 seems a large amount for employee uniforms.

Kemp also opposed removing the kudzu funds from the budget.

Mayor Gross thanked everyone for their comments and suggestions.

Mitchell made a motion to adjourn. Emerson seconded. All others approved. The meeting was adjourned at 7:16PM.

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Connie Gross, Mayor Emily Hooper, Town Clerk