

**Mayor**  
Jack Edwards

**Mayor Pro Tem**  
Ed Samaha

**Town Manager**  
Ryan Spitzer



**Town Council**  
Les Gladden  
Amelia Stinson-Wesley  
Chris McDonough

**Town Clerk**  
Lisa Snyder

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## **BUDGET MEETING #4**

### **APRIL 6, 2023**

The Town Council of the Town of Pineville, NC, met in a Budget Workshop on Thursday, April 6, 2023 @ 5:55 p.m. The meeting was held at the Town Hall Council Chambers.

#### **ATTENDANCE**

Mayor: Jack Edwards  
Mayor Pro-Tem: Ed Samaha  
Council Members: Amelia Stinson-Wesley, Les Gladden and Chris McDonough  
Town Manager: Ryan Spitzer  
Town Clerk: Lisa Snyder  
Finance Director: Chris Tucker  
Communications Director: Tammy Vachon  
Electricities Director: David Lucore

Mayor Jack Edwards called the meeting to order at 5:55 pm. to cover Telephone and Electric.

Mr. Tucker welcomed everyone to Budget Session #4 and gave a brief recap of the previous meetings. He explained that Telephone and Electric revenues are what supports their operations. David Lucore is the only employee under the Electric fund. Other Town positions that have money coming out of Electric include Town Manager, Finance Director, HR, Accounting, Telecommunications Director, and CSRs.

The Electric Fund pressures are the systems expansion, the Electricities contract, the new substation, a new operations center, and cash position leverage.

Telecommunications Director Tammy Vachon began her budget presentation. She shared some highlights from this year, which include subscribers to the internet, which keeps them alive, and is their primary focus. Revenues increased 11% from last year.

NECA Wholesale Revenue increased from tariff rate increase combined with customers converting to fiber.

Revenue. Revenue increased by 40% for Budget FY 24 and will see an actual increase of 107% (+ \$234,800). Interest income is increasing, as well, for FY 24 (+\$59,000).

Ms. Vachon discussed DID (direct in dialing) and advised that it is declining for FY 24.

Expenses. The ILEC/CLEC transfer to cover CLEC operating Plant Under Construction contract increased \$225,326. Salaries increased in FY 23 + \$85,240 due to the salary study.

CLEC Overview. Internet revenues are increasing, and they are finding new ways to drive that line (increasing by \$155,800) for FY 23.

Expenses. The cost allocation handshake increased work in the CLEC is based on FY 22 and FY 23 trends. DSL service expense (+\$119,776). Access Expense increased due to subscriber count and infrastructure access (+\$26,400).

FY 24 Budget Request Summary: They have \$348,460 left after covering operating expenses. They may have to transfer \$501,166 out of ILEC to cover the CLEC loss. CLEC shortfall for operating is \$180,126. She noted that CLEC owns nothing and ILEC owns everything.

Ms. Vachon introduced the new voiceover IP Switch and explained that it's all digital with lots of changes coming.

ILEC covers inside the bridges and includes the Mill area and Polk Street and Preston Park, while CLEC covers everything outside of the bridges, including the areas of Carolina Crossing, McCullough, Huntley Glenn, Dorchester, Chadwick Park, the Mall area, Downs Road, and Charleston Row.

<u>Plant under construction projects:</u>	<u>Cost:</u>
Industrial Park 1 and 2	\$150,500
Water Oak Rebuilt Phase 1	\$135,500
Customer FTTH growth	\$125,000
ILEC Total:	\$411,000

Department Goals FY24: Ms. Vachon plans for increased business subscribers, an increase in business revenue with fiber network conversions, implementing advanced payment options capabilities, and continued conversion of residential ILEC neighborhoods. They are also updating the cost allocation between ILEC and CLEC as they implement new technology and the billing software.

Future plans to continue growth. Collaborate with the Parks and Rec department, direct target marketing to new fiber neighborhoods, looking for ways to support small businesses, utilizing their bilingual staff to attract and support new subscribers, nurturing current electric customers to gain market share and keeping network secure and product on infrastructure.

Council Member Les Gladden asked if the installation guys have a cheat sheet that they leave with new customers with phone numbers, etc.? Ms. Vachon replied that she is working on that, but nothing that they hand out at this time. She did state that their customers do call her office. Ms. Vachon summarized that she feels that her people do it better than their competitors and is proud of her team.

Electricities. David Lucore, Electricities Systems Manager, presented his budget for FY 24 and reviewed FY 23 highlights: Carolina Logistics Park, Main Street, McCullough Phase 1, Town Hall building, AMR meters, and 540 Main Street townhomes.

Capital improvement recommendations include construction of temporary Electric and PCS field offices (\$500,000), purchase land for a new substation (\$500,000), new substation construction (\$4,500,000), construct new Electric and PCS operations facility (\$14.5 million), and extend new circuits from the new substation (\$800,000).

<u>Major capital projects for FY 24:</u>	<u>Cost:</u>
Miller Farm substation	\$250,000
Carolina Village townhomes	\$150,000
Coventry townhomes	\$150,000

Distribution State line extension	\$100,000
Asset pole replacement	\$150,000

Other projects for FY24 to include retail rate review (\$35,000), industrial Drive line extension (\$100,000), Lighting projects (\$60,000), utility line burial (\$478,800), and replace a vehicle one-line truck (\$325,000).

Mr. Lucore outlined the FY23 budget compared to FY24 and compared the projections. FY23 was projected at \$681,047 and FY24 is projected at \$840,287. He highlighted the FY24 projections and expects a 4.26% decrease in the power cost.

He continued to outline the potential wholesale cost reduction in future years:

FY24	5 decreases
FY25	5 decreases
FY26	5 decreases
FY27	2 increases
FY28	2 increases

The net increase/decrease is \$922,363.45.

Mr. Lucore presented a new substation update and advised that several properties were reviewed. He has made a request to Duke Energy to connect to their 44K transmission line.

New Electric and PCS facility. They have received seen RFQ's from architecture firms and reviewed a possible optimistic timeline. They are planning to locate construction trailers to vacant land on Dover Street behind the old Town Hall.

Town Manager Ryan Spitzer added that two customer satisfaction surveys were done, and younger people want to pay online and monitor their usage and adjust it accordingly. He also noted that we cannot spend any General Fund dollars on PCS or Electric.

Finance Director Chris Tucker summarized and added that the challenge on debt will be collateralization.

Council Member Amelia Stinson-Wesley asked if Electricities would do more messaging to the people who consume the electricity and be more visible? Mr. Lucore replied that they are working on that. Ms. Vachon added that her Customer Service Representatives do that, as well, including the billing stuffers. Town Manager Spitzer also added that Electricities has some templates we can use and put our name on them. He also has some spreadsheets that will have all the numbers and he will provide to Council within the week.

**ADJOURNMENT:** At 7:45 p.m. the meeting adjourned.

  
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Jack Edwards, Mayor

**ATTEST:**

  
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Lisa Snyder, Town Clerk