

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

BUDGET MEETING #1

MARCH 28, 2023

The Town Council of the Town of Pineville, NC, met in a Budget Workshop on Tuesday, March 28, 2023 @ 6:00 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

Mayor Jack Edwards called the meeting to order at 6:00 pm. and introduced Chris Tucker, Finance Director, who will be conducting the meeting. Mr. Tucker shared a little bit about himself, including that he began almost a year ago with the Town, April 12th. He is in his 18th year working in local government and this will be his 19th budget.

Mr. Tucker continued to outline GFOA (Government Finance Officer Association) and his role in the budget process. The goal is to create options, create revenue, and manage expenditures. He distributed a packet to Council containing his slides with space to make notes.

There are three types of government funds that the Town utilizes: the General Fund, the Special Revenue Funds, and the Capital Project Funds. The last two do not intermingle with the General Fund. Additionally, the Town has major funds: General, Electric, ILEC, CLEC, and ARPA SRF/Town Hall/Library SPF (the last two will drop off when they're complete).

He added that the Fund Balance is a major indicator for the fund's near-term financial position. For the close of FY22, the Town of Pineville closed with \$23 million in the General Fund, of which \$19.3 million was unassigned. This amount represents more than twelve months of expenditures. Pineville's enterprise funds are carrying \$6 million in unrestricted net position in the enterprise fund balance.

Property taxes make up 42% of our current total budget. Our current tax rate is 33 cents per one dollar valuation. Pineville's assessed valuation grew 4.71% this fiscal year. The FY24 projection is about 40.74%.

Council Member Les Gladden asked if we will see several budget amendments after the budget is set. Mr. Tucker answered that is possible after the end of every budget, including some refunds. Vehicle taxes didn't go up that much, but property taxes did.

The core activity, or the decision is, what tax rate is Council comfortable with, how much growth on the expenditure side are they willing to tolerate that's probably going to take some value above 24.5 to accomplish?

Town Manager Spitzer said that Cornelius is currently the only town that may go to revenue neutral. It's because their revenue valuation is based on five million dollars houses. When you look at our housing, it has gone up 51%; commercial went up 41% and everything is running about a year behind.

Town Manager Spitzer reminded Council that he will have to state what the tax rate is at the budget public hearing.

Mr. Tucker presented the FY23 General Fund Expenses by function (by departments) pie chart. He noted that for every dollar, 44 cents are assigned to Public Safety.

Mr. Spitzer explained that sales tax is collected from the Towns, then sent to the State, then back to the county. The state keeps 3% off the top, then send money back to Mecklenburg County for our use, then the towns will receive money based upon their population or valuation.

Council Member Amelia Stinson-Wesley asked how ARPA funds fall into the budget years? Mr. Tucker replied that ARPA funds sit in its own special fund, until he brings it out. He can't pull it out until it becomes an expenditure.

Mr. Tucker then presented the FY23 General Fund Expenses by category pie chart. This includes salaries, benefits, operations, debt service, capital outlay, contingency and transfers out). Mr. Tucker noted that transfers out is not something we normally do.

He and Ryan have had weekly conversations with the department heads. The department heads were passionate about their requests, they were certainly knowledgeable about their departments. He continued that the most pressures are on salary and benefits. If we say, less money for employees, fewer things to get there, does our service level drop or do we pay more to keep up with our neighbors, peers, and competitions.

IT in the past, every department has had some money in there. There is an accounting thing coming down the line where Mr. Tucker has to start reporting our IT contracts in a certain way. The departments were getting allocated technology based on the percentage of expenditures, not necessarily a direct allocation.

The manager will present the recommended budget on May 9th, then June 13th we will approve the budget ordinance and fee schedule. Mr. Spitzer added that whatever tax rate they decide on May 9th, they cannot go above that after that night. They can only go below after that meeting.

At the May 2nd meeting, Council may want to discuss the tax rate that they want to do and probably have a conversation about salaries and what he's proposing.

Mr. Spitzer does not see any risk and we will probably add put money in the fund balance and may be over in revenues. We will probably go ahead and take money out and pay for the fire truck.

Mr. Tucker continued the budget conversation and said that raising taxes 4.5 % will bring us up to revenue of about \$10.5 million. He added that we are pretty conservative in the revenues. What we propose is going to give us the revenues that we need to support the expenditures, particularly Ryan's vision for salaries. What it does not give, is a lot of opportunity for natural growth. Mr. Spitzer added that our operating budget has not grown at all.

Mr. Tucker explained that 70% of the revenue comes from two sources (property and vehicle taxes). He then displayed a master sheet. He and Mr. Spitzer are proposing a 2.5% merit and an 8% COLA. All positions are fully funded, or allocated, whether they are vacant or not. Mr. Spitzer said that Pineville is looking at 8% COLA, and a

2.5% merit and it is comparable to surrounding towns and Mecklenburg County. There are ways we can do the COLA; we can do 4% in July and then the other 4% in January.

Mr. Spitzer added that about one-quarter of our people are the police force and Mr. Tucker also added that this includes the ETJ officers that were not there last year. Council Member Les Gladden asked if all this information was presented, and going forward, is based on a 4.5% tax base and Mr. Tucker replied, "yes." We have significant fund balance. Everything up until July 15th can be booked. Mr. Tucker said that we control 7% of our revenue.

Mr. Tucker displayed a budget and projected spreadsheet, with different values in expenditures and revenues, up to the year 2025. This is as of today. If we take on significant debt, we will have to adjust the tax rate in the future.

The hardest part of this model is forecast out the expenditures. He reiterated that we have significant fund balance. We have the reasonable resources to hop on opportunities. Mr. Spitzer said that from the sale of Cone Mill, College & Church, it doesn't show in this budget. Mayor Pro Tem Samaha estimated that there is still \$5 to \$7 million still to execute.

Town Manager Spitzer went over a few pressures. If they look at a parking deck, each space is about \$70,000. There are several ways to fund it. The revenues from the parking deck can pay off the loan, for example. If you take Cone Mill, Church & College and downtown and put it in a TIF and whatever developer increases the value of that land after they start building, and you want to start doing it now, you can take the money and put into infrastructure. Mayor Pro Tem Samaha said that we have to do it.

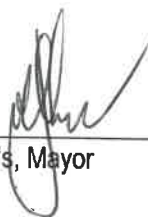
He continued to share with Council there are a few capital projects: a new radio system, with financing, roughly \$600,000 a year for five years and maintenance is about \$200,000. We are at the 5-year term with that. The PD A/C unit is a possibility and he's on the fence about that one. A/C for the PD would be at about \$370,000. Then the fire department is the other pressure.

ADJOURNMENT: At 8:15 p.m. the meeting adjourned.

ATTEST:



Lisa Snyder, Town Clerk



Jack Edwards, Mayor