

**MINUTES
BREVARD CITY COUNCIL
Budget Workshop
April 3-4, 2023**

Monday, April 3, 2023 – Day One

The Brevard City Council met for a Budget Workshop on Monday, April 3, 2023, at 5:30 p.m. in the Council Chambers at City Hall, with Mayor Maureen Copelof presiding.

Present - Mayor Maureen Copelof, Mayor Pro Tem Gary Daniel, Council Members Mac Morrow, Maurice Jones, and Aaron Baker

Absent – Geraldine Dinkins

Staff Present –City Manager Wilson Hooper, Assistant City Manager/Finance Director Dean Luebbe, City Clerk Denise Hodsdon, Communications Coordinator Becky McCann, Planning Director Paul Ray, Human Resources Director Kelley Craig, Police Chief Tom Jordan, Acting Public Works Director Wesley Shook, Community Center Director Tyree Griffin, Assistant Planning Director Aaron Bland, Senior Planner Emily Brewer, and Accountant Lynne Sullivan

Press – Jon Rich, Transylvania Times and Dan DeWitt, Brevard NewsBeat

A. Welcome and Call to Order (Monday, April 3) – Mayor Copelof called the meeting to order at 5:30 p.m. and welcomed those present.

B. Certification of Quorum – City Clerk Denise Hodsdon certified a quorum present.

C. Approval of Agenda – Mr. Jones moved, seconded by Mr. Baker to approve the agenda as presented. The motion carried unanimously.

D. Priorities

1. Review Priorities

Category 1: Essential / Must Do

- Personnel compensation + COLA increase
- Wastewater treatment plant
- Additional Housing Funding / Housing Policy Action (including researching new options for city government action)

Category 2: Key Needs / High priority (Members chose to rank items within this category, each person got “two dots” to distribute)

- Downtown Master Plan (4 dots)
- Estatoe Trail (and connections to FBR and BC - 4 dots)
- Paving road to keep on 20-year cycle (approximately \$200,000 per year – 2 dots)
- Sidewalk repair/extension (1 dot)

Category 3: Want to do / Depends on conditions

- New Fire Department location
- Stormwater Management plan

Category 4: Nice to have / Must have change in funding or staff time to pursue (Note: Edited by Staff)

- Finish Silversteen Park

- Bracken Preserve / Bracken Platform
- Larger Council chambers

2. Affirm Priorities

Mr. Hooper noted that the budget has been built around the priorities set by Council at the Strategic Planning Retreat on March 1st and 2nd. He asked Council to affirm these priorities. Ms. Copelof noted that there was an error in the Category 3 and Category 4 priorities as listed in the Retreat Summary. We did not specifically talk about a new Fire Department location or larger Council chambers; the discussion was about the larger issue of more space in general for City operations in Category 3. The Ecusta Trail was a Category 4 item, but it was not included in the summary. Council affirmed the priorities with the changes noted by Mayor Copelof.

E. General Fund

1. **Revenue Review** – Mr. Hooper reviewed General Fund revenue projected at \$11,041,127 and explained that this amount is based on natural growth.
2. **General Fund Requests for Additional Funding** – Mr. Hooper reviewed a table of various requests for additional funding and noted which items were included, not included or partially included in the line item detail and the proposed scenarios.
 - a. **Review Classification and Compensation Study Results** – This was Council's top priority. Kelley Craig explained that the consultant is still in the process of finalizing the results of the study, but has provided some preliminary recommendations. She reviewed the proposed cost to implement the Class and Compensation Study, including pay adjustments and a 5% cost of living increase, in the total amount of \$651,985 across all funds. Ms. Craig noted that with the adjustment to the full-time salary plan, our lowest hourly rate will be \$16.42 which will be at the living wage for Western North Carolina.
 - b. **Housing Trust Fund Spending Options** - This was Council's second priority and Mr. Hooper explained that in order to implement some of the programs in the Housing Trust Fund Guidelines, Staff is proposing to endow the Housing Trust Fund. The Housing Trust Fund currently has a cash balance of approximately \$100,000, with an additional \$200,000 in receivables over the next 10 years. Emily Brewer discussed some of the possibilities for endowing the Housing Trust Fund and how those funds can be used. Proposed options for endowing the Fund include a dedicated property tax allocation of one to two cents per \$100 of property value.
3. **Operating Departments Line Item Detail**
 - a. **Governing Board** – Mr. Hooper reviewed the requests from non-profit agencies and noted that we had a few new ones this year. Total of all requests this year is \$199,500 compared to \$94,300 last year. Options were reviewed for funding levels at each of the four scenarios. Council requested more information regarding the new requests and requestors asking for significantly more funding.
 - b. **Administration** – Total recommended is \$974,400, including \$15,000 for a new HR time and attendance system.
 - c. **Finance** – Total recommended is \$878,800, including \$15,000 for legal assistance in collecting delinquent property taxes.

- d. **Planning** – Total recommended is \$970,200, including \$40,000 for a new part-time position. Mr. Hooper explained that we are proposing funding that position via an increase in some of the planning fees.
 - e. **Mary C. Jenkins Community Center** – Total recommended is \$142,000.
 - f. **Police** – Total recommended is \$3,659,192, which includes \$140,000 for 2 new police cruisers
 - g. **Public Works – Administration** – Total recommended is \$594,100.
 - h. **Public Works – Buildings and Grounds** – Total recommended is \$514,500. It was noted that the increase in the contracted services line item is due to the increased cost of maintaining the aged HVAC system at City Hall.
 - i. **Public Works – Garage** – Total recommended is \$438,800.
 - j. **Public Works – Streets** – Total recommended is \$766,100. Mr. Hooper noted that this does not include a local paving supplement, but that is up for discussion.
 - k. **Public Works – Powell Bill** – Total recommended is \$235,000.
 - l. **Public Works – Recreation** – Total recommended is \$265,500, which includes additional funding need to maintain service levels at the pool. Additionally the fireworks expense was moved to this budget.
 - m. **Non-Departmental** – Total recommended is \$1,614,835. Mr. Hooper noted that this budget includes a contribution from the General Fund to the Fire Fund. It also includes the voluntary funding choices that Council has made over the last few years. He said this mostly corresponds with Scenario #3 which envisions a 2-cent allocation to housing and a 1-cent allocation to the Downtown Master Plan Fund and the Multi-use Path Fund. The Multi-Use Path allocation would be further divided into \$50,000 for roundabout betterments and \$82,000 to add to the Estatoe Trail balance.
4. **Capital Project Fund Summary** – Mr. Hooper reviewed the Capital Project Fund Summary for each of our capital reserve funds – Housing Trust Fund, Rosenwald, Multi-Use Path, Downtown Master Plan and the General Capital Reserve Fund. He reviewed proposed contributions to these funds under each of the four scenarios.
5. **Scenarios (for illustration only)**
- a. **Scenario 1 – Balance budget with current revenues** – Mr. Hooper explained that this is what we can fund if we make no changes to our revenue - just the natural growth.
 - b. **Scenario 2 – Set millage rate to fully fund all requests** – This scenario would require a millage rate increase of 11.5 cents.
 - c. **Scenario 3 – Two cent millage rate increase** – Mixture of fully funded, partially funded, and non-funded requests.
 - d. **Scenario 4 – Three cent millage rate increase** – Different mix of fully funded, partially funded, and non-funded requests.

Mr. Hooper provided a breakdown of what the actual cost of millage rate increases of 1-cent, 2-cents and 3-cents would be for households of various assessed values. He also noted that under both Scenarios #1 and #3, we would have to raise the sanitation fee.

F. Sanitation Fund

1. **Revenue Review** – Mr. Hooper explained that this was broken off from the General Fund into its own separate enterprise fund a few years ago. This fund is sustained by the fees collected, but this year's projection would require a transfer from the General Fund without a fee increase.

2. **Operating Line Item Detail** – Total recommended for Operations is \$1,112,900; and for Non-Departmental expenditures is \$218,700, which includes debt service for a new garbage truck and dump bed.

G. Fire Dept. Fund

1. **Revenue Review** – Mr. Hooper noted that this number is significantly higher because of debt service on the new rescue truck. That is the main reason for the increase in general fund contribution from \$574,398 to \$767,635.

2. **Additional Funding Needs** – The requests for additional funding needs were submitted to the County. Mr. Hooper explained that Chief Cooper has begun thinking about transitioning our Fire Department to a full-time department and the request included three new full-time fire engineers, but the County was not yet ready to make that commitment and chose not to fund that request. Mr. Hooper said he hopes to renegotiate the contract with the County next year.

3. **Operating Line Item Detail** – Total recommended is \$2,605,600.

H. Recess – At 8:32 p.m. Mr. Jones moved, seconded by Mr. Baker to recess the Budget Workshop and reconvene tomorrow at 5:30 p.m. in the Council Chambers. The motion carried unanimously.

Tuesday, April 4, 2023 – Day Two

The Brevard City Council reconvened the Budget Workshop on Thursday, April 4, 2023 at 5:30 p.m. in the Council Chambers at City Hall, with Mayor Maureen Copelof presiding.

Present - Mayor Maureen Copelof, Mayor Pro Tem Gary Daniel, Council Members Mac Morrow, Maurice Jones, and Aaron Baker

Absent – Geraldine Dinkins

Staff Present –City Manager Wilson Hooper, Assistant City Manager/Finance Director Dean Luebbe, City Clerk Denise Hodsdon, Communications Coordinator Becky McCann, Planning Director Paul Ray, Acting Public Works Director Wesley Shook, Water Treatment Plant ORC Dennis Richardson, Wastewater Treatment Plant ORC Emory Owen, Assistant Planning Director Aaron Bland, and Senior Planner Emily Brewer

Press – Jon Rich, Transylvania Times

I. Reconvene (Tuesday, April 4) – At 5:30 p.m. Mr. Daniel moved, seconded by Mr. Baker to reconvene the Budget Workshop. The motion carried unanimously.

As a follow-up from the April 3rd workshop, Mr. Hooper provided information on a number of items that had been requested by Council. Included in this information was a table of cumulative impact of proposed property tax, refuse fees, and water/sewer rate increases on various households under the four scenarios. He also provided information regarding water sewer customer base profiles and examples of monthly combined charges at a flat fee compared to a possible tiered rate system. Additionally, he provided a list of commercial customers and their usage over the last month.

J. Water/Sewer Fund

1. **Revenue Review** – Includes a projected 4% increase in water/sewer fees. Mr. Hooper explained that there is a significant increase in the Septage Pretreatment Fee revenue as we are switching to a billing system that actually

captures and bills the full cost of the septage pretreatment. We will be switching from a flat rate per truck to a per-gallon billing method.

2. **Water/Sewer Fund Requests for Additional Funding** – Funding has been included for the implementation of the class and compensation study, preliminary engineering and design to start the wastewater treatment plant process, updates to SCADA systems, and other needed equipment.

3. **Operating Departments Line Item Detail**

a. **Water Treatment Plant** – Total recommended is \$1,030,100. The increase in the professional services line item is due to engineering fees for work that may be required by the EPA.

b. **Water Distribution** – Total recommended is \$706,700,

c. **Wastewater Treatment** – Total recommended is \$2,194,100. The increase in the professional services line item includes the preliminary engineering to begin the WWTP replacement. Increases in the supplies & materials and the County disposal charges line items is due to the increased cost of providing services.

d. **Wastewater Collections** – Total recommended is \$816,800.

e. **Non-Departmental** – Total recommended is \$2,197,800.

4. **Water/Sewer Rate Discussion** – Mr. Hooper noted that we can meet our operating needs and some of our capital needs with our already planned 4% increase. However, to start building up our cash reserves for the WWTP replacement we need to think about different rate models that would generate extra cash. He provided some early estimates of additional revenue of approximately \$201,825 that would be generated by a high strength waste surcharge to commercial customers, which could be put in reserves toward this project. Following discussion, Council was not opposed to the concept of a high strength waste surcharge, but asked Staff to do further research on the details of implementation.

K. Straw Votes

1. **Review Adds and Deletes** – Using Scenario #3 (copy attached) as a baseline, Council made suggestions for additions and deletions. This scenario requires a 2-cent tax increase and a \$2.00 increase in the sanitation fee.

Mayor Copelof felt that the budget for street paving needs to be more than just the \$200,000 in Powell Bill funds. She suggested putting an additional \$100,000 toward street paving and reducing the dedication to housing from 2 pennies to 1.5 pennies which would free up \$65,000, and reducing the non-profit requests by \$30,000.

Mr. Baker said he was not comfortable with reducing housing for streets, given that housing was the highest priority identified at the strategic planning session. He noted that we have already reduced appropriations to the Downtown Master Plan and Multi-Use Path funds, and he was having a hard time adding streets as another priority. He agreed that we need to critically look at the non-profit requests and suggested that some of those requests cannot be fulfilled. He suggested that we need to freeze what we are currently giving.

Mr. Daniel suggested removing the \$50,000 request from the Transylvania Economic Alliance and any other new requests, but to fully fund the non-profits we have funded in the past. He noted that if you take a half-cent away from housing and put it toward paving, there would be more money for paving than for housing. The only way we're going to be able to affect housing is if we spend money and 2 pennies will have an impact on that over time. He said we can use the \$200,000 Powell Bill funds this year for street paving; that doesn't mean that paving is still not a priority and maybe next year we can bump that up.

Mr. Jones pointed out that the priorities identified at the Retreat, were for this fiscal year. He said he would not want to take funding away from housing.


There was consensus to fund the non-profit requests at the same level as FY2023, with the exception of increasing Heart of Brevard by \$20,000, for a total of \$114,300.

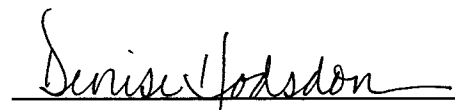
Mayor Copelof suggested Council look at Scenario #4 (copy attached). This scenario requires a 3-cent tax increase, but no increase in the sanitation fee. Mr. Hooper noted that under this scenario, with the reduction in non-profit funding, there would be approximately \$70,000 that could be appropriated somewhere else.

2. Conduct Straw Vote -

- Fund non-profits at \$114,300 to give all repeat requesters their FY2023 request, except for Heart of Brevard which will be increased by \$20,000 - 5 thumbs up
- Mr. Hooper asked Council whether they wanted to go with Scenario #3 with a 2-cent tax increase and \$2.00 sanitation fee increase, which would achieve a savings of \$36,000 to apply somewhere; or Scenario #4 with a 3-cent tax increase that would achieve a \$70,000 savings. There was unanimous consent to go with Scenario #4.
- Mr. Hooper asked where Council would like to distribute the \$70,000 savings. Following discussion, there was a majority of 3 thumbs up to put it in the General Capital Reserve Fund and draw on it as needed.

L. Adjourn - There being no further business, at 8:14 p.m. Mr. Morrow moved, seconded by Mr. Jones, to adjourn the workshop. The motion carried unanimously.


Maureen Copelof
Mayor


Denise Hodsdon, CMC
City Clerk

Minutes Approved: August 7, 2023

SCENARIO 3 – Two cent millage rate increase, selective reductions and cuts

Addl. funding requests

Department	REQUEST	AMOUNT	SCENARIO 3	Note
Non-Dept	Implement class and comp study	\$415,000 (approx.)	\$415,000	Fully fund 5% COLA + market adjus
Non-Dept	Two pennies for housing	\$264,000	\$264,000	Fully fund
Police	Three cars	\$210,000	\$140,000	Two cars
PW-Buildings/Ground	Sports Complex restrooms	\$200,000	\$0	Do not fund
Planning	Prof. svcs. for CLUP implementation	\$150,000	\$75,000	Reduce by half
Governing Board	Addl. non-profit requests	\$93,700	\$132,900	Fund all request at 2/3 level
Police	Reactivate frozen position	\$80,000	\$0	Do not fund
Non-Dept	Estatee Trail Wayfinding Signs	\$75,000	\$0	Do not fund
Planning	PT staff	\$40,000	\$40,000	Fund with increased Zoning fees
PW-Recreation	Addl. swimming pool operating funds	\$20,000	\$20,000	Fully fund
Planning	Vehicular wayfinding signs	\$16,500	\$0	Do not fund
HR/Admin	HR time and attendance system	\$15,000	\$15,000	Fully fund
Finance	Tax collection support	\$15,000	\$15,000	Fully fund
Governing Board	Election expenses	\$12,500	\$12,500	Fully fund
	TOTAL	\$1,606,700	\$1,157,400	

Significant carry-over expenses

Department	REQUEST	AMOUNT	SCENARIO 3	Note
Non-Dept	Balance of \$.02 to Rosenwald after MCJCC debt payment	\$79,200	\$0	Do not fund
Non-Dept	\$.02 to multi-use path fund	\$264,000	\$132,000	\$.01 to multi-use path fund
PW-Streets	Street paving supplement	\$200,000	\$0	Do not fund
Non-Dept	\$.02 to Downtown Master Plan Fund	\$264,000	\$132,000	\$.01 to DMP fund
Non-Dept	Transfer to Sanitation Fund	\$156,600	\$76,000	Partially fund
	TOTAL	\$963,800	\$340,000	

As-is budget

REVENUE AS-IS	REV. W/\$.02 MILLAGE RATE INC.	SCENARIO 3 EXP	SURPLUS/(DEFICIT)
\$11,041,627	\$11,305,627	(\$11,305,627)	-

SCENARIO 4 – Three cent millage rate increase. Different mix of fully funded, partially funded, and unfunded requests

Addl. funding requests

Department	REQUEST	AMOUNT	SCENARIO 4	Note
Non-Dept	Implement class and comp study	\$415,000 (approx.)	\$415,000	Fully fund 5% COLA + market adjus
Non-Dept	Two pennies for housing	\$264,000	\$264,000	Fully fund
Police	Three cars	\$210,000	\$140,000	Two cars
PW-Buildings/Ground	Sports Complex restrooms	\$200,000	\$0	Do not fund
Planning	Prof. svcs. for CLUP implementation	\$150,000	\$75,000	Reduce by half
Governing Board	**Addl. non-profit requests	\$93,700	\$199,500**	**Fully fund
Police	Reactivate frozen position	\$80,000	\$0	Do not fund
Non-Dept	Estateo Trail Wayfinding Signs	\$75,000	\$0	Do not fund
Planning	PT staff	\$40,000	\$40,000	Fund with increased Zoning fees
PW-Recreation	Addl. swimming pool operating funds	\$20,000	\$20,000	Fully fund
Planning	Vehicular wayfinding signs	\$16,500	\$0	Do not fund
HR/Admin	HR time and attendance system	\$15,000	\$15,000	Fully fund
Finance	Tax collection support	\$15,000	\$15,000	Fully fund
Governing Board	Election expenses	\$12,500	\$12,500	Fully fund
	TOTAL	\$1,606,700	\$1,196,200	

Significant carry-over expenses

Department	REQUEST	AMOUNT	SCENARIO 4	Note
Non-Dept	Balance of \$.02 to Rosenwald after MCJCC debt payment	\$79,200	\$0	Do not fund
Non-Dept	\$.02 to multi-use path fund	\$264,000	\$132,000	\$.01 to multi-use path fund
PW-Streets	Street paving supplement	\$200,000	\$0	Partially fund
Non-Dept	\$.02 to Downtown Master Plan Fund	\$264,000	\$132,000	\$.01 to DMP fund
Non-Dept	Transfer to Sanitation Fund	\$156,600	\$156,600	Fully fund
	TOTAL	\$963,800	\$420,600	

AS-IS BUDGET

REVENUE AS-IS	REV. W/\$.03 MILLAGE RATE INC.	SCENARIO 1 EXP.	SURPLUS/(DEFICIT)
\$11,041,627	\$11,437,627	(\$11,452,427)	(\$14,800)

** Fund Repeat Non-profit requests at FY2023 level, except Heart of Brevard will be increased by \$20,000 - Total \$114,300 + 85,200
 Balance of \$70,000 to General Capital Reserve Fund \$70,400