

Town of Maggie Valley
Board of Aldermen Pre-Budget Workshop
April 27, 2021
MINUTES

Members Present: Mayor Mike Eveland, Aldermen Tammy Wight, Clayton Davis, and Phillip Wight

Members Absent: Alderman Twinkle Patel

Staff Present: Manager Nathan Clark, Planner Ron Hancock, Public Works Director Mike Mehaffey, Finance Director Shayne Wheeler, and Town Clerk Vickie Best

Others Present: Reporters Kyle Perrotti and Hannah McLeod

Mayor Eveland called the Budget Workshop to order at 9:04 am on Tuesday April 27, 2021 in the Town Hall Boardroom.

Council and staff have been waiting to get the results from the Re-Evaluation for a few months now. Staff must have the numbers projecting a revenue base to create the 2021/2022 FY Budget. Although Maggie Valley has now received the Re-Evaluation numbers, they are the unadjusted numbers. Haywood County estimates approximately \$9 million, through the appeals process, will be altered. There are 22,280 parcels in Maggie Valley.

PROJECTED PRELIMINARY REVENUES

Tax Rate	Preliminary Revenue	Additional Tax Revenue
\$0.43	\$1,985,750	\$344,624
\$0.42	\$1,939,570	\$298,443
\$0.41	\$1,893,390	\$252,263
\$0.40	\$1,847,210	\$206,083
\$0.39	\$1,801,029	\$159,903
\$0.38	\$1,754,849	\$113,722
\$0.37	\$1,708,669	\$67,542
\$0.36	\$1,662,489	\$21,362
\$0.35	\$1,616,308	\$(-24,818)
\$0.34	\$1,570,128	\$(-70,999)

Remember all the numbers are projected. The Census results could be a landmine next year if population is reduced. Sales tax, Franchise fees, almost all funding is based on population.

The current Tax Rate is \$0.43. Manager Clark stated the best place for Maggie Valley to be after the Re-Evaluation is \$0.40. This would provide a tax rate decrease to offset the Re-Evaluation numbers, yet provide capital for proposed projects/goals.

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As everyone knows, everything you purchase costs more. When creating a budget, these facets need to be included. Vehicles, building materials, chemicals have all substantially increased in price. Manager Clark gave the example of needing a Public Works Building for storage. Building materials will never be as inexpensive as in prior years. Often, when creating a budget, you must consider that building a Public Works Building now will be less expensive than in the future but would have been much less expensive in 2019.

The chart below shows tax rates, the median and average differences in what tax bills will look like from last year to this year.

What is the Median?

The median is the middle number in a sorted, ascending or descending, list of numbers and can be more descriptive of that data set than the average.

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Tax Rate	Median Tax Difference	Average Tax Difference
\$0.43	\$134	\$178
\$0.42	\$115	\$158
\$0.41	\$95	\$138
\$0.40	\$77	\$118
\$0.39	\$62	\$98
\$0.38	\$44	\$78
\$0.37	\$26	\$58
\$0.36	\$13	\$38
\$0.35	\$4	\$18
\$0.34	\$(-8)	\$(-2)

The chart below reflects the projected tax bills totals.

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Tax Rate	Median Tax Bill	Average Tax Bill
FY 21 \$0.43	\$502	\$683
\$0.43	\$690	\$860
\$0.42	\$674	\$840
\$0.41	\$658	\$820
\$0.40	\$642	\$800
\$0.39	\$625	\$780
\$0.38	\$610	\$760
\$0.37	\$584	\$740
\$0.36	\$579	\$720
\$0.35	\$562	\$700
\$0.34	\$546	\$680

Council agreed that they did not want to lower the tax rate to a point where they would have to increase the tax rate in two years. It is better to lower taxes enough to continue to provide services in the same fashion that residents/businesses have become accustomed to.

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Dropping the tax rate \$0.03 (from \$0.43 to \$0.40) will still allow Maggie Valley to continue to have the lowest tax rate in Haywood County.

Alderman T. Wight, as with Alderman Davis, liked the recommendation of dropping the tax rate to \$0.40, adding that if later Council can reduce the tax rate again, Council will review those numbers at that time.

Going back to the Census counts, by September 30 local governments will know the population issued by the Census. We already know that NC gained another congressional seat due to increased population.

2010 Census Actual:

- ▶ FY 2011
 - ▶ 1,602
- ▶ FY 2012
 - ▶ 1,156 Population
- ▶ Population Loss
 - ▶ 446
- ▶ Revenue Loss

\$60,800

2020 Census Projected:

- ▶ FY2021
 - ▶ 1,436
- ▶ FY2022
 - ▶ 1,036
- ▶ Population Loss
 - ▶ 400
- ▶ Revenue Loss
 - ▶ \$143,746
- ▶ 3 Cents on Tax Rate @ \$46,180 per penny

The charts below reflect why Maggie Valley cannot go revenue neutral on the tax rate and continue to do projects and provide services at the level currently provided.

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Current Rate v/s Revenue Neutral Rate

Current Rate (\$0.43)

- ▶ Total Revenue
 - ▶ \$1,985,750
- ▶ Additional Revenue
 - ▶ \$344,624
- ▶ Census Adjusted Revenue
 - ▶ \$200,578

Revenue Neutral Adjusted (\$0.36)

- ▶ Total Revenue
 - ▶ \$1,662,489
- ▶ Additional Revenue
 - ▶ \$21,362
- ▶ Census Adjusted Revenue
 - ▶ (-\$122,384)

SEWER NEEDS

For many years, Council has discussed the need to increase the monthly sewer user fees and capital capacity fees. "Our rates are low, and our needs are high (Wastewater Treatment Plant & Collection Systems)." The Capital Improvement Plan (CIP) reflects approximately \$1.2 million in sewer system needs that must be addressed sooner rather than later.

Maggie Valley will receive approximately \$360,000 in Federal Funds from the American Rescue Plan Act of 2021 (ARPA). Local governments are waiting on more information from the NC Department of Treasury for allowed expenditures of these funds; but as of now it appears water, sewer, and broadband are approved uses of the funds.

Council can immediately invest these funds in repairing the levee at the Wastewater Treatment Plant and completing some Inflow & Infiltration (I&I) projects.

As earlier approved, WithersRavenel is providing Services for the Sewer System Financial Analysis, Capital Improvements Plan (CIP) and Sewer Ordinance Update.

The following charts reflect fee rates using the American Rescue Plan Act (ARPA) Funding v/s not using the ARPA funds.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<u>In</u>		<u>16.80</u>	<u>17.65</u>	<u>18.55</u>	<u>19.50</u>	<u>20.10</u>
<u>Min</u>	<u>16.00</u>	<u>+0.80</u>	<u>+0.85</u>	<u>+0.90</u>	<u>+0.95</u>	<u>+0.60</u>
<u>3,001 + gal</u>	<u>5.50</u>	<u>5.80</u>	<u>6.10</u>	<u>6.45</u>	<u>6.80</u>	<u>7.05</u>
		<u>+0.30</u>	<u>+0.30</u>	<u>+0.35</u>	<u>+0.35</u>	<u>+0.25</u>

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<u>In</u>		<u>16.75</u>	<u>17.55</u>	<u>18.45</u>	<u>19.40</u>	<u>20.20</u>
<u>Min</u>	<u>16.00</u>	<u>+0.75</u>	<u>+0.80</u>	<u>+0.90</u>	<u>+0.95</u>	<u>+0.80</u>
<u>3,001+ Gal</u>	<u>5.50</u>	<u>5.75</u>	<u>6.05</u>	<u>6.40</u>	<u>6.75</u>	<u>7.05</u>
		<u>+0.25</u>	<u>+0.30</u>	<u>+0.35</u>	<u>+0.35</u>	<u>+0.30</u>

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Not included within the CIP that need to be addressed; operating expenses have increased significantly i.e., chemicals, required testing, disposing of sludge, etc.

The Public Works Department has already repaired the Inflow & Infiltration issues that could be done in-house. The remaining issues will need to be addressed through an outside agency. Maggie Valley sewer system is beginning to age and certainly requires maintenance. Treating I & I issues improve the system and in the long run lowers the cost of maintenance.

Again, the Capital Improvements Plan (CIP) has a 3% inflation rate included.

After reviewing the charts above, Alderman P. Wight stated that it appears that the \$360,000 (ARPA Funds) just disappears in the charts. There is not a significant change in the fee structure.

Using the ARPA monies would allow Maggie Valley to repair the levee now versus in 2024. Maggie Valley should keep the retained earnings where they are or slightly higher. The Wastewater Treatment Plant will be paid off in 2028.

Projects will continue to grow. The levee continues to erode with each storm.

Alderman Davis stated "because inflation is a major factor, we should bite the bullet". The price of repairs to the levee will only increase. "Put the ARPA funds in".

Alderman T. Wight responded that Council would have the full list of approved spending items for the ARPA funds from the Treasury Office by May 11, 2021 at the Regularly Scheduled Board of Aldermen Meeting. "Let us see what is included in the list".

Aldermen Phillip and Tammy Wight prefer Option A without ARPA funds.

With that said, Manager Clark will continue working with Withers/Ravened LLP under Option A and try to adjust the first two years rates to repair the levee sooner.

Mayor Eveland added that the study was money well spent because now we have a path that guides us and future boards to a clearer outcome for the WWTP and Collection System.

The numbers will continue to be tightened up before the budget presentation. Withers/Ravened had over-forecasted the number of new structures connecting to municipal sewer and those numbers had to be backed down.

As Alderman Davis stated inflation is an important factor. Something that costs \$250,000 in today's money will cost \$280,000 in 2024.

The Wastewater Treatment Plant is at 40% to 50% capacity. The state mandates that at 70% to 80% capacity municipalities are required to make plans for a Wastewater Treatment Plant expansion.

Council briefly discussed the effects that the Ghost Town redevelopment would have on capacity at the WWTP.

The 10-year Capital Improvement Plan is to pay off the WWTP and then take out a loan for the expansion.

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Funding (between \$30,000 and \$40,000) had to be taken out of Retained Earnings to pay for a state mandated regional study to prove that Maggie Valley's Sewer System could not be connected to another sewer system.

☛ **Other Business**

Manager Clark informed Council that May's Festival Calendar is full other than May 21 & 22; The Grey Eagle is featuring four concerts. Tuscola's Summit has requested to conduct their annual Country and Western Concerts at the Festival Grounds. Due to Covid restrictions they are unable to hold the event at Tuscola. As with The Grey Eagle, they would like to have (2) drive-in concerts. This event is the Summit's annual fundraiser.

The issue is "The Summit" choral group does not have the funds to pay the rent. Tuscola can purchase the insurance and provide the \$1,500 deposit.

Council normally does not give away anything for free, but due to it being "our" local High School's fundraising endeavor it was the consensus to provide the Festival Grounds rent free for May 21 and 22, 2021.

Official action will be taken at the May 11th Regularly Scheduled Board of Aldermen Meeting, but a consensus was needed to provide Tuscola enough time to secure another venue, cancel the event, or look at ways to make the parking lot at Tuscola work.

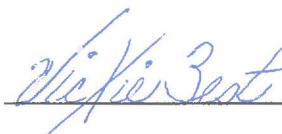
► Jason Bell, the promoter of the Mini-Truckin event, expressed his appreciation for all that Council has done for his event i.e., signage, additional parking, and adding the gate.

A brief discussion on parking trailers on the newly purchased property was the best use of the property for people attending the event, but not showing in the event, how accommodations provide as much parking as possible, and blocking rentals of the pavilion during the event to provide trailer parking behind the pavilion.

ON MOTION OF ALDERMAN P. WIGHT, WITH ALL IN FAVOR, COUNCIL ADJOURNED AT 10:28 AM.



Mayor Mike Eveland



Vickie Best, Town Clerk, CMC, NCCMC

