

**Town of Pilot Mountain
Board of Commissioners Work Session
Thursday, May 20, 2021 at 6:00 PM**

Members Present: Mayor Evan Cockerham, Commissioner Donna Kiger, Commissioner Rachel Collins, Commissioner Dwight Atkins and Commissioner Scott Needham via Zoom

Staff Present: Town Manager, Michael Boaz and Town Clerk, Holly Utt

The following items were discussed: Fiscal Year 2021-2022 Budget – Enterprise Fund

Revenues:

Mr. Boaz stated that with the Asset Management Plan (AMP), the engineers had made a recommendation for revenues over the next 10 years. This would allow the town to operate and maintain the current system, pay off existing debt, issue new debt to cover capital improvements and grow the financial position of the water and sewer system over the 10 year period. In order to do that, they are recommending a 12% revenue increase in FY 2021-2022, 12% in FY 2022-2023 and 5% revenue increases going forward. The increase in revenue can be done via rate increase or increase in customers. Mr. Boaz recommended a 12% increase to rates since that is all the Board has control over. There are some potential increases for customers but that probably will not happen in 2022. New customers are anticipated as part of the inter-connect but that project will probably be completed in early 2022 and won't have a huge impact on the FY 2021-2022 budget. Other potential customers could be the apartment complex that is proposed to be built on Golf Course Road but that isn't expected until 2023 or 2024. Mr. Boaz explained that there were several ways to meet the 12% increase. They can add some to the base and the rest to the volumetric rates. Commissioner Needham asked if the original increase was 17%. Mr. Boaz stated that it was originally 17% but he planned to use some of the ARC money to pay down debt. If the debt is paid down that will reduce the amount of money needed to meet the AMP. Mr. Boaz presented options and discussion ensued about different ways to apply the 12% increase that would be fair to all customers. It was the consensus of the Board to raise the base rate by 12% for all customers.

Expenditures:

60-7000- Non-departmental

- Pay off 2 loans

60-7700 – Water Administration

- Total of 6% increase compared to current FY. This covers salaries and professional services

60-7810 - Production

- No changes – assuming water plant will operate until the end of 2022

60-7815 – Waste Water Treatment

- No major changes

60-7820 – Line Maintenance

- Most significant change is salaries for the new Public Works Director

95-7000 – Capital Reserve

- Money to spend on water line replacement and equipment

Resolution 2021-06 Mini Brooks Act Exemption

Mr. Boaz explained that the AMP has a small water line replacement project that is expected to cost no more than \$30K. This resolution would exempt the project from the qualifications based selection process. Commissioner Atkins made a motion to approve Resolution 2021-06 and it was unanimous.

Closed Session - § 143-318.11(a)(6)

Commissioner Collins made a motion to go into closed session and it was unanimous.

Commissioner Atkins made a motion to adjourn and it was unanimous.

Respectfully Submitted:

Attest:

Holly Utt
Town Clerk

Evan Cockerham
Mayor