

## **Budget Workshop – June 4, 2024**

The Fairmont Board of Commissioners held a budget workshop meeting on Tuesday, June 4, 2024, at 6:00 p.m. in the Fairmont-South Robeson Heritage Center with Mayor Charles Kemp presiding. Commissioners present were J.J. McCree, Terry Evans, Melvin Ellison, Heather Seibles and Clarence McNeill, Jr. Commissioner Jan Tedder-Rogers was absent. Staff present included Town Manager Jerome Chestnut, Town Clerk Jenny Larson, Public Works Director Ronnie Seals, Deputy Clerk Rodney Cain, and Police Chief Jonathan Edwards.

### **Call to Order and Invocation**

Mayor Charles Kemp called the meeting to order and gave the invocation.

### **Fiscal Year 2024-2025 Budget Message**

Town Manager Jerome Chestnut presented the following budget message:

“The following information is details on the upcoming 2024-2025 Fiscal Year Budget and comprises the budget message for our Governing Body and Citizens of the Town of Fairmont. The total budget is in the amount of \$4,505,873.00. Here, we discuss the town’s annual operating budget which is composed of three permanent funds: General Fund, Powell Bill Fund, and the Water and Sewer Fund.

#### **General Fund**

The total budget for the General Fund is \$2,725,165.00. The tax rate remains the same at \$0.73 per hundred-dollar valuation. Due to the county’s recent revaluation, the proposed valuation for properties located within our town limits is \$133,762,837.00 and the tax revenue of \$917,880.00 is based on a 94% collection rate. We kept the sanitation revenue the same as in the current year with no proposed increase in rates even though our current Waste Management contract expires at the end of August 2024. The staff estimated that we will most likely see a 15% increase in sanitation expenses. Expenses for the General Fund include a proposed 2.5% cost of living pay raise for employees. This proposed pay raise is below the current CPI index of 3.5%. I have estimated other expenses to the best of our ability due to the unknown impact of inflation and market conditions. A Fund Balance of \$144,768 is included in the budget but will most likely not be needed.

#### **Powell Bill**

The total budget for Powell Bill is \$99,095.00. We estimate receiving \$92,254.00 from our annual state allocation and using \$6,841 in fund balance. One part-time employee will be paid out of this fund. \$30,000.00 is budgeted for street maintenance which will focus on repairs, as no new street paving projects are funded at this time. The costs of resurfacing and initial paving projects have risen with the price per square foot of construction increasing. Assistance has been requested from NCDOT on the grading of our streets for prioritization of future projects and we also have sought additional funding for street projects through grants and general assembly requests.

## **Water/Sewer Fund**

The total budget for the Water/Sewer Fund is \$1,681,613.00. There is no rate increase proposed this year for water and sewer. The town was recently removed from the Unit Assistance List but remains on the Distressed Utility List and the Local Government Commission is closely monitoring our finances. As a reminder, in our recent audit response letter to the LGC we said we would propose a rate increase based on the CPI index of 3.5%. Not doing so may cause issues in the future.

Expenses for the Water/Sewer Fund include a 2.5% cost of living pay raise for our employees who maintain an aging water/sewer infrastructure. We have used liberal analysis to estimate expenses for the water/sewer fund using current known, but unaddressed issues, and unforeseen repairs.

## **Other Considerations**

Financial. It is of my view that the town remains in a favorable financial position. While risks have been minimized, we cannot prevent what we cannot predict. The staff and I are committed to running an effective and efficient government while at the same time, reducing costs without reducing the level of service that our board of commissioners and citizens expect of us.

Community Development. Over the last year, the town has seen unprecedented interest and growth in the form of business creation, residential and commercial development – and that will serve the town well as we grow into the future. I fully expect that we will continue to see an uptick in small business development, additional housing projects, and potentially larger scale development happening in the town over the next 12 months.

Regional Wastewater Provisions. While we are still on the Distressed Utility List, I suspect that our system-wide finances are expected to improve. The towns within our Regional Group (Proctorville, Fair Bluff, Cerro Gordo, and Boardman) are primed for growth as those governing body are encouraging growth in their communities – which will strengthen the system and improve our revenue in operational and maintenance revenue. Fair Bluff has developed a new downtown area which will bring more commercial and residential accounts into the system and millions of dollars has been invested in improvements to US-74 which should encourage more development for both Boardman and Cerro Gordo.

Town-owned facilities and properties. Plans are underway to recommend the repurposing of some of our town-owned facilities and properties to enhance and generate revenue. We are looking to streamline our processes and efficiency to maximize taxpayers' funds.

Critical needs (unfunded). While this draft budget contains Capital Outlay for two new Police Vehicles, this budget inclusion should satisfy their near-term needs and we do not expect to purchase additional vehicles for the Police Department until the 2026-2027 budget season. We have applied for grant funding for other critical needs such as a new sewer flusher/vacuum truck, fire truck, and Public Work Utility Vehicles through Federal and State agencies.

This budget has been prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act as required by NC GS 159-7. As required, all funds with the budget are balanced along with all revenue and expenditure estimates being identified for FY 2024-2025.”

**Discussion of proposed budget by board**

Commissioner Evans asked what the budget difference would be if we gave all employees, but department heads a 3% cost of living raise.

Mayor Kemp wants to see a scenario of water/sewer revenue by increasing the minimum usage from 1,000 gallons to 2,000 gallons.

Commissioner McCree was concerned about the \$112,829 that the Town of Proctorville owes for sewer treatment. Mr. Chestnut replied that he is working with Proctorville officials and hopes to present a proposal to address the shortfall at the next town board meeting. He added that Proctorville only has 52 households on the sewer system and part of the difficulty in collecting is that we don't bill them for water, and it is a health hazard to plug sewer for nonpayment. Fairmont is working with the Lumber River Council of Governments, NC Division of Environmental Quality and state and federal representatives to come up with a viable solution, such as a sewer authority, for our regional wastewater treatment plant.

**Adjournment**

Mayor Kemp announced that another budget workshop will be held on Tuesday, June 11, 2024, at 6:00 p.m. in the Heritage Center.

Commissioner Evans made a motion to adjourn the meeting at 6:50 p.m. Commissioner Ellison seconded the motion and it passed unanimously.

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Jennifer H. Larson  
Town Clerk