TOWN OF HUNTERSVILLE
TOWN BOARD MEETING
MINUTES

May 20, 2024
6:00 p.m. – Huntersville Town Hall
101 Huntersville-Concord Road

PRE-MEETING

The Huntersville Board of Commissioners held a Pre-meeting at Huntersville Town Hall, 101 Huntersville-Concord Road, at 5:30 p.m. on May 20, 2024.

GOVERNING BODY MEMBERS PRESENT: Mayor Christy Clark; Commissioners Alisia Bergsman, Amanda Dumas, Jennifer Hunt, Edwin Quarles, LaToya Rivers and Nick Walsh.

NC 115 at North Meck High School Pedestrian Crossing. Stephen Trott, Director of Engineering, presented options for the location of pedestrian crossing and pole types for the pedestrian hybrid beacon. *Refer to PowerPoint attached hereto as Exhibit No. 1.*

Engineering Staff, Huntersville Police Department and the school support Option 2 for the location. NCDOT supports Option 3 for the location.

It was the general consensus of the Board to move forward with Option 2 for location and Option 1 (wood poles) for the pedestrian hybrid beacon.

There being no further business, the Pre-meeting was adjourned.

REGULAR MEETING
TOWN OF HUNTERSVILLE
BOARD OF COMMISSIONERS

The Regular Meeting of the Huntersville Board of Commissioners was held at the Huntersville Town Hall, 101 Huntersville-Concord Road, at 6:00 p.m. on May 20, 2024.

GOVERNING BODY MEMBERS PRESENT: Mayor Christy Clark; Commissioners Alisia Bergsman, Amanda Dumas, Jennifer Hunt, Edwin Quarles, LaToya Rivers and Nick Walsh.

Mayor Clark called for a moment of silence in memory of former Mayor Jill Swain

Mayor Clark led the Pledge of Allegiance.

ANNOUNCEMENTS

Last budget engagement session – May 22.

Next Mayor's Coffee Mixer – May 22.

Report an issue to NCDOT – Residents can report potholes, malfunctioning traffic lights, drainage issues and more.

Subscribe to the Town's newsletter – The Town launched the Huntersville Hub newsletter for residents at the end of April.

Police Department Updates
- The Huntersville Police Department would like to thank the community for its support during National Police Week.
- Coffee with a Cop will be at Target on May 21.
- Officer Seth Stephen started his career with HPD last Monday.

National Public Works Week is this week.

Ways to connect with us – website, social media pages, newsletter, Town of Huntersville app.

PUBLIC COMMENTS

Huntersville 101 Graduates. Mayor Clark recognized Huntersville 101 graduates.

Proclamation – National Public Works Week. Mayor Clark proclaimed May 19 to May 25, 2024 as National Public Works Week.

A PROCLAMATION FOR NATIONAL PUBLIC WORKS WEEK

WHEREAS, Public Works professionals focus on infrastructure, facilities and services that are of vital importance to sustainable and resilient communities and to the public health, high quality of life and well-being of the people of Huntersville; and

WHEREAS, these infrastructure, facilities and services could not be provided without the dedicated efforts of public works professionals, who are engineers, managers and employees at all levels of government and the private sector, who are responsible for rebuilding, improving and protecting our nation's transportation, water supply, water treatment and solid waste systems, public buildings, and other structures and facilities essential for our citizens; and

WHEREAS, it is in the public interest for the citizens, civic leaders and children in Huntersville to gain knowledge of and to maintain a progressive interest and understanding of the importance of public works and public works programs in their respective communities; and

WHEREAS, the year 2024 marks the 64th annual National Public Works Week sponsored by the American Public Works Association be it now.

NOW, THEREFORE, I, Christy Clark, Mayor of Huntersville, do hereby proclaim the week of May 19 to May 25, 2024 as **"NATIONAL PUBLIC WORKS WEEK"** in Huntersville, North Carolina.

IN WITNESS WHEREOF, I do hereby set my hand and cause the Seal of the Town to be affixed, this the 20 day of May, 2024.

Proclamation – Huntersville Fire Department. Mayor Clark presented proclamation recognizing the Huntersville Fire Department.

PROCLAMATION RECOGNIZING THE HUNTERSVILLE FIRE DEPARTMENT

WHEREAS, the Town of Huntersville recognizes the invaluable contributions of the firefighters who have served our community with dedication, bravery, and selflessness; and

WHEREAS, many firefighters have given their time and expertise, serving with Huntersville Fire Department, Inc., since 1923 to ensure the safety and well-being of our residents, businesses and visitors; and

WHEREAS, the commitment and sacrifices made by these firefighters have been instrumental in protecting lives, property, and the environment from the devastating effects of fire and other emergencies many of these years in a voluntary capacity; and

WHEREAS, the Town of Huntersville is committed to providing the highest level of fire protection and emergency services to our community, recognizing that our firefighters are the backbone of this critical mission; and

WHEREAS, the decision to transition fire protection services from Huntersville Fire Department, Inc., to the Town of Huntersville reflects our deep appreciation for their service and acknowledges the importance of investing in their professional development, well-being, and continued dedication to public safety; and

WHEREAS, by becoming a municipal fire department, these firefighters will have greater direct access to Town resources and benefits, further strengthening our fire department and its ability to serve our community with excellence.

NOW, therefore, I, Christy Clark, Mayor of Huntersville, do hereby proclaim and recognize the dedication and commitment of the firefighters who have served our community as members of Huntersville Fire Department, Inc and those who will continue to serve under the Town of Huntersville.

I urge all residents to join me in expressing our deepest gratitude and appreciation to these firefighters for their selfless service, bravery, and unwavering commitment to the safety and well-being of our community.

IN WITNESS WHEREOF, I do hereby set my hand and cause the Seal of the Town to be affixed, this the 20 day of May, 2024.

AGENDA CHANGES

Commissioner Dumas made a motion to adopt the agenda. Commissioner Rivers seconded the motion. Motion carried unanimously.

CONSENT AGENDA

Property Tax Refund Report. Commissioner Bergsman made a motion to approve Property Tax Refund report from Mecklenburg County. Commissioner Rivers seconded the motion. Motion carried unanimously.

Property Tax Refund Report attached hereto as Exhibit No. 2.

PUBLIC HEARINGS

Proposed Budget for FY25. Mayor Clark called to order public hearing to receive comments on the proposed budget for FY25.

Anthony Roberts, Town Manager, presented PowerPoint presentation. *PowerPoint and slides referenced by Jackie Huffman attached hereto as Exhibit No. 3.*

Mr. Roberts said the General Fund for the budget is roughly $75 million. This includes various other annually budgeted funds (Electric, HFFA, Transportation Reserve, Land Development). Those are remaining flat. Total budget is roughly $110 million, which is 0.3 percent higher than the prior year.

Property tax rate recommended in this budget is 22.75 cents. How did we get from 17.6 cents to 22.75 cents. I had recommended a 19 cent tax rate in 2024. The board chose to do revenue neutral, but we have a lot of debt that we are taking on this year. With the Town Hall debt that is approximately $30 million, and the voter approved bonds of $58 million, that is roughly 2.8 cents. That was when the voters went to vote on that and approved that. That was very clearly stated on there that this could include a 2.8 cent tax increase. We brought in fire. We had no choice. Obviously, with fire we just couldn't fill seats. Unfortunately, we have folks doing other things, spending time with their family, etc. We just couldn't put people in seats and the only way to get to that was to bring them on full-time and bring in the part-time firefighters. This roughly is 1.2 cents on the tax rate. And then also continue to increase our police presence. We are proposing to hire 10 police officers in this fiscal year, which is roughly 1.15 cents on the tax rate. Add all those together, you get the 22.75 cents.

If you had an average home valued at $460,000, what kind of impact would the 5.15 cent tax increase do to you on a monthly basis. That's roughly $20 on a monthly basis additional cost associated with that.

There are no changes to the fees. We have solid waste fee, vehicle fee and stormwater fee. They are going to remain flat. As far as the Electric Fund, no residential, commercial or industrial changes. The only thing that will come back to you probably in the coming months is we are finally moving into solar. We've been a little bit behind the times on solar, so we are going to come back to you with solar options and incentives and rates associated with that.

As far as personnel, we are looking at a total of 14 new positions. Part of those would be for full year, part of those would be half a year. I couldn't hire 10 officers today if you told me to hire them right now because of the process you have to go through with onboarding and the background checks, etc.

As far as COLA and merit, what's being proposed in this budget is 4.1 percent COLA. That is consistent with the 2023 CPI, and then a 2 percent merit. This is pretty in line with Mecklenburg County, Cornelius, Davidson, Pineville, all the surrounding towns. There may be some slightly below, some slightly higher. We just finished up a pay study. The previous board asked us to look at a pay study and get that completed. We brought that back at the May 6 meeting. There's roughly $450,000 associated with bringing folks up to their appropriate range and making some adjustments to folks that need to be adjusted and then there's some mandated retirement increases.

As far as operating expenditures and debt, we are converting the non-profit fire department over to a Town fire department. We're bringing over those assets. We're bringing over their vehicles, the land, the buildings. They had the one building that we are bringing over, Station 2.

As far as sidewalk repairs, we are upping our sidewalk repair pot of money. Typically, we fund roughly $500,000. We are increasing that to $800,000. We also have in the budget $500,000 associated with new sidewalks.

We are putting some funds towards attainable housing. If you recall, we also had some funds that we received from the federal government for potential land purchase for attainable housing. We will use this money here for potential seed money….it could be working with the housing committee in Cornelius, it could be we do rehabs. We already do rehabs in joint with Habitat.

Some of our prior existing debt will go down about $82,000. The first year debt service payment on Town Hall is roughly $2.9 million and then the 2023 bond referendum which approved $58 million in debt will be roughly $1.5 million in interest payment scheduled for June 1. There's typically two payments associated with that, but if we are looking at issuing debt in October, we'd only look at one payment this year. The following year it would be two payments that would come up.

As far as major CIP funded projects, most of these are roads and parks. Our goals when the Board set the goals – roads, parks, police, fire. I won't read through all the CIP projects. Don't get hung up on if you see this number is that the total cost of that project. It varies. Some of these projects it may be the total cost. Other projects it may just be a portion of the project. Some of these projects have been going on for years. It may be in design phase, it may be in right-of-way phase, it may be in construction phase. This could be just a portion of that project, so what you will want to do is look deep into the CIP, you'll be able to see how each one of these projects has a sheet tied to it. It tells you the stage it's in, it tells you the total funding for the project, etc. Several of these projects are bond funded projects.

As far as operating capital funded, this is more equipment – could be police cars, dump truck, etc. You'll hear maybe later on tonight pay as you go type items. This is a fine example of pay as you go type items.

The next steps on the budget, what I would tell you obviously the 200 plus page document is available online. I would focus on the Manager's Message which is about eight or nine pages. If you've got all the time in the world, go read all 200 plus pages. Tonight's the public hearing and then we have Budget in the Board Room May 22, another opportunity for citizens to come ask questions, and then hope to be in a position on June 3 for the Board to consider adopting the budget.

Commissioner Rivers said you said the Fund Balance currently is at $75 million. Am I stating that correctly?

Jackie Huffman, Deputy Town Manager, said the total General Fund budget is $75 million. Our Fund Balance is $66 million today right now in total.

Commissioner Rivers said how does that compare over the last 5 years?

Ms. Huffman said I've been here since 2016. If memory serves, in those 8 years we have made a contribution to Fund Balance. That's accounting speak for it's gone up every year except one and one year it went down about $1.5 million in total Fund Balance.

Mr. Roberts said you may want to jump into available Fund Balance.

Ms. Huffman said Huntersville is one of the few places that I know who put a lot of emphasis on total Fund Balance. We're required to submit a copy of our audit report annually to the division of the State Treasurer's Office called the Local Government Commission. I've never seen or heard them discuss the theory of total Fund Balance. What they consider more important is Fund Balance available. That's the portion of your budget that you're allowed to allocate spending on our Fund Balance. I have a copy in front of me that it peaked in 2020. At the end of fiscal 2020 our available Fund Balance was about, if memory serves, including Powell Bill, it was 106, 107 percent of our total budget. Without Powell Bill, it was 99 and change. For purposes here, call that 100 percent.

The Local Government Commission doesn't have a lot of luck with having every municipality submit their audit report on time, so the most recently audited year available is FY22 and our Fund Balance as a percentage of our total budget in FY22 was 79 and change, I'm going to call that 80 percent. Our Fund Balance available is declining. The Local Government Commission takes all that information they receive from all municipalities and creates statistics. There are municipalities in this area who have exceeded our available Fund Balance, so ours used to be higher and they have crossed us.

Each municipality is encouraged by the State of North Carolina to make their own judgment on exactly what their fund balance should be. I'm happy to provide you resources on the things that the Local Government Commission suggests should impact the level of fund balance you choose. Think about it at the coast. If you are more susceptible to hurricanes, they would recommend that you have a higher

Fund Balance. If you are in a particularly growing area where you have significant capital needs, they would suggest that you have a higher Fund Balance.

Mayor Clark said for the folks that may not know, tell us what Powell Bill funds are.

Ms. Huffman said when you go to purchase gas in the state of North Carolina there is a federal and state gas tax component of what you're paying – that $3.31, whatever it is per gallon, that's advertised on the sign. I don't want to tell you how much I think it is. It rotates I believe quarterly. When you pay for a gallon of gas, a portion of that is gas tax. That gas tax goes back to the State of North Carolina and the State of North Carolina sends a portion of that back to us each year and we refer to that as our Powell Bill distribution. We generally receive that in two increments – one on October 1 and one about January 1, two equal installments. There is a number of road miles we maintain component and there is a population component. I think one of them is 75 percent, the other is 25 percent.

Mayor Clark said the funds are not available for any purpose, they're just for roads.

Ms. Huffman said it is very restricted how we spend that money, so we could not spend that money to pay the power bill at Town Hall. We could not spend that money necessarily to buy a police car. We have a specific list of expenditures that it is allowed to be spent on. Generally, repaving roads it would be allowed. We could build a new Town maintained road, if we chose to. As a general rule, we don't do that. We can build Town sidewalks. We could spend that money on DOT road sidewalks. Certainly, we could spend it for snow removal. There's a very specific list of items eligible and not eligible and so when you talk about the difference between total Fund Balance and available Fund Balance, Powell Bill Fund Balance is not available for necessarily any expenditure and so that's generally one of the first things that comes out in that difference in calculation between total and available Fund Balance.

Commissioner Quarles said a former mayor posted some misleading rhetoric on his political Facebook page and I did invite him to come out tonight to speak with us, as well as Brew on the Budget. In regards to Fund Balance, he posted that Apex keeps a Fund Balance at 25 percent, while the factual number for Apex what they keep is 61.35 percent. They also have a tax rate of 44 cents which is double our tax rate. He cherry picked and listed Apex, Greensboro, Asheville, Chapel Hill, Charlotte and Cary, and those numbers were also wrong. What he didn't do was to compare Huntersville with Cornelius, which is at 88 percent, Raleigh 97.86 percent, Mt. Holly 115 percent, and Indian Trail at 143 percent. My question to you is would you say that a municipality set the amount they want to keep in Fund Balance based on their goals or their dreams as far as priority for that town is.

Ms. Huffman said there is a difference between your total Fund Balance and your available Fund Balance. I've been a municipal employee for 29 years. You all have heard me fumble before with what the state recommends you set as your Fund Balance Policy.

This year for the first time ever I went with about three of you to a School of Government class on Essentials of Municipal Government and this was one of the slides. I've been in municipal government 29 years and I'm not sure I had ever seen this slide before. The Local Government Commission and the School of Government are going to recommend that you adopt a Fund Balance Policy. Fund Balance Policy is your target. It is your goal that you seek to achieve. Some years you might achieve that goal, some years you might fall short, and some years you might exceed it. The authoritative literature is that top bullet point you should adopt a policy and that bottom bullet point.

You've heard a lot of people say before we only need 8 percent Fund Balance and the state says you only need 8 percent. That's not so. Eight percent is the equivalent of one month's expenditures. Especially if you are a smaller government, I suspect you would not make payroll if you only had 8 percent Fund Balance. I will admit to you until I started looking at the research to be able to tell you, I'm an accountant I really want to be able to say the number is "x" you should totally be this. This is as specific as I've even seen the Local Government Commission get and you should look at your peer group and you should be within 50 percent or more of what they are. I interpret that's what you should set as your target. So, who's your population group. The State of North Carolina separates municipalities with electric funds from municipalities that do not have electric funds. We have an electric fund. Remember earlier I said we're about at 80 percent right now, 79 and change, so we're actually at 79.55. Now that we've established that excluding Powell Bill…………what does the Local Government Commission say. They say you should be pretty close to your population group. Here's what other municipalities are. And so the lowest is 8.71 percent. I suspect we'd be on the unit assist list, let's don't go there, please. Some local unit has 150 percent of their general fund expenditures in total Fund Balance. I don't recommend that one either. The average is 46. I don't like doing math in my head, but that tells me that the LGC would recommend that our Fund Balance Policy be at least 23 percent or higher.

Pattie and I spoke with a gentleman today who wrote the 1990's manual on what the Local Government Commission says that should be and I will tell you a couple of the quotes that stuck out to me that he said. One of them is number one, the Local Government Commission has never in the history of time sent a "you have too much Fund Balance" letter to any taxing agency in North Carolina. If you don't have taxing authority, maybe they got one. That tells me that the Local Government Commission probably the 156 percent people didn't even get that letter. I'm not suggesting we should be 156. He used a term that will stick me for a while now, if you are 50 percent below that 46.7 percent or you're 50 percent higher, then they consider you to be within a normal range. Technically at 80 percent we would be a little bit over the 50 percent higher. We happen to be a municipality that has an Electric Fund. Mister I wrote the manual also told us today that in the late 90's when the manual got written that the municipalities without an electric system got annoyed with being compared to the municipalities that had an electric system because they were pulling the average down. Without an electric system, and that's budgets over $10 million, and that would be the population group we would fall in…..their average is 58 percent. So, if you are within 50 percent less than 58 percent or 58 percent higher if memory serves, again I don't like doing math in my head especially publicly, there's about 86 percent and so I would argue our available Fund Balance is within the range that they suggest it should be in. If you want to open the discussion on what Fund Balance available, what our target should be, I would recommend rather than measure on total Fund Balance, we do something more traditional, but the state recommends to do it on available Fund Balance. I'm happy to get into some more specific details about what we are using our Fund Balance for if you'd like to hear about them.

This is our audit report that's available on our website today. It's really important that you understand Fund Balance. Look for Page 19 if you go pull it up off our website.

That first column is our General Fund Balance and so the prepaids is not available to be spent, effectively because you've already spent it. When we tell you that the Board adopted Fund Balance Policy says we are going to set aside 40 percent of our total revenue budget and that's what we're going to set aside, that's what $23 million represents. When you hear somebody say it shouldn't be 40 percent, it should be a lower percent, let's drop it to 20 percent, effectively they're telling you you need to cut that 23 in half and it should be 11.5, so your Fund Balance Policy says you're going to set aside 40 percent and anything over that you will set aside for a capital reason. You see where it says committed capital projects $10 million. That's the portion of your Fund Balance that you have available to spend on some compelling project. Every other designation of Fund Balance, it's already got a purpose for it and so that's not available for you to spend.

Board members get monthly financial statements from Pattie. You don't get them in June because eventually you get audited financial statements for June. In July she's working on audit and getting the budget keyed, so you don't usually get them in July. In September you get monthly financial statements. The ones you receive in September are for August. She distributed today April ones and so I don't think you've had time to look at them, frankly I've not had time to look at them.

Let me tell you what I see when I see these financial statements. General Fund Balance appropriated – what is the total amount of your Fund Balance that you have appropriated to spend. It's $30 million. We don't accomplish capital projects at a pace that pleases me. I wish it was faster. But when we don't finish it, we roll that budget over into the next budget year, so we finish that capital project. If you're audited financial statements said you had $10 million available to be spent, you didn't stop at $10 million. You've allocated another $30 million.

I would argue then in effect what you've done is if you consider that 40 percent Fund Balance Policy a hard stop, you couldn't have funded those projects because we know they're going to be slower in the rate that we accomplish them. We'd go ahead and let you budget to already spend more of that. And so we didn't stop you at 10. Technically, I would argue we probably stopped you at $40 million because you've not just allocated that appropriated Fund Balance, you've also appropriated reserve for encumbrances. I have said that I am concerned that I will have directors who are worried oh my gosh we're not going to make payroll because we have violated our policy and we've exceeded it. That's not really true, please don't slow down on the capital projects. We need to get those done. But when somebody tells you we need to change our policy, you can change the policy if you want to. Effectively, we've treated that as a target. If we were able to magically get a lot of capital projects done all at one time, you would see our Fund Balance go down, we'd be below our target and we'd be working to get back up to it. Please don't let people make you believe that there are projects going undone because we set aside that 40 percent and didn't touch it. Effectively we have allocated it, those projects just aren't done yet.

Commissioner Quarles said I had four questions on Fund Balance, but as if you knew my questions, you've answered all four of them.

Commissioner Hunt said Anthony mentioned the pay as you go capital projects that we're already engaging in. Can you talk a little bit more about that?

Ms. Huffman said when we construct, purchase equipment, when we acquire capital, for me there's about four different ways we can go about getting that capital. We can issue debt for it. It might be installment financing, might be general obligation bonds, might be a different type of bond, but you can issue some type of debt. You can find somebody like CRTPO who will give you a grant to at least assist you with acquiring capital. The other two methods are you can acquire capital from what I'm going to refer to as currently available funds. There's two sources of currently available funds, that's either current revenue like property taxes and fees that we just talked about in the budget or using your Fund Balance. Anthony just displayed for you a slide that said there's operating capital. It was a PowerPoint document and so it didn't have a total on it, but that operating capital is $1,999,000 if you choose to go add that up. There's more than a penny on the tax rate of operating capital already funded in the Manager's Recommended Budget. If you look at the first column, every single one of those projects, with the exception of sidewalks, are bond debt funded projects. The sidewalks is a pay as you go Fund

Balance funded project. On the right column, every single one of those projects but one, Ramah Church Road Park, we propose to do with either current receipts or current fund balance. If you sum the ones then that we're doing on a pay as you go basis, that's $2,522,000. That's ballpark more than a penny, not quite a penny and a half on the tax rate……..that would be over a penny and a half wouldn't it, there are a penny and a halfish worth of projects on this slide that are funded on a pay as you go basis. So, $2 million on the previous slide, $2.5 million on this slide, $4.5 million in projects that are funded on a pay as you go basis in this proposed budget.

Commissioner Hunt said can you talk about our employee per citizen ratio and how this might impact employee morale and retention.

Ms. Huffman said Bobby is the author of a spreadsheet, for the Top 20 in population, municipalities in the state of North Carolina. We don't allocate the time to update this spreadsheet every year and so the most recent year we have available is FY23 budget. We've taken how many employees each of these municipalities had in FY23's budget and divided that by their population, so our number is 3.2. If there is a lower municipality in the state of North Carolina in our population range, I don't think so. I don't think there's one near us. How do we accomplish such a low number of employees per 1,000. Remember how I said we haven't updated this for FY24. Every single one of these municipalities have had a paid municipal fire department for years. Most of these municipalities probably have water and sewer employees. We don't and I don't know when that we would have them again. And other municipalities choose to provide some services that we don't, especially with employees. My understanding is that the City of Concord until the current budget year chose to contract out their solid waste services and this year decided to bring that in-house and so their employee count will have increased a fair amount if they are doing that with employees. Concord and Mooresville are examples of municipalities who choose to have municipal golf courses. Just to maintain a golf course you're going to have more employees. There are different municipal services that are provided, but three big factors that will change your employee count per 1,000 – how you are accomplishing fire protection services, water and sewer services and solid waste.

Commissioner Hunt said at the Brew on the Budget you gave an equation that will help people figure out what the direct impact to them will be because I think sometimes people get scared. If you could share that, it might help people put it in perspective.

Ms. Huffman said if you round to the nearest $1,000 whatever your tax value is……..not your sales value, not what you paid for your house, but if your tax value is $350,000, if you'll put $350,000 in a calculator and divide by 25, whatever that number is if you'll multiply that number by 1.07, that will tell you what the monthly equivalent of your increase, the impact of this 5.15 cents tax increase will be. I didn't do that with you, but I'll be glad to, it's 350 divided by 25, I get 14………14 times 1.07 I get 14.98. Remember Anthony had a slide that said if your home value is $460,000 then the monthly equivalent of that increase is $19.75. Well, if your home value is not $460,000, that don't help you much. But if you'll take your value and don't put the thousandths place in there, just round it up to the nearest thousand so $350,000. If you're home value is $351,000, put in 351. Divide by 25 and then multiply by 1.07 and that's the monthly impact of the 5.15 cent increase.

Commissioner Hunt said there's been some discussion of allocating funds for sustainability and I just wanted to point out that there is some discussion about hiring a sustainability consultant, but we have grant funds allocated for that purpose, so there will not be taxpayer dollars used for that.

Commissioner Quarles said I don't want our constituents misled and we must make sure we do the right thing to inform our citizens on factual information. The former mayor also posted "we delayed issuing the debt until 2020 at an interest rate which was the lowest in North Carolina history. The action saved Huntersville taxpayers millions of dollars from 2016 to 2020." That sounds impressive, but could you confirm or deny if at any time debt was issued between 2016 and 2020.

Ms. Huffman said there's so many things you can get out of an audit report. I have 11 pieces of compelling evidence to me about whether or not there was a 2016 bond issue. I'm going to start with an audit report. Our fiscal year runs July 1, so fiscal 2016 would have run from July 1, 2015 to June 30, 2016. In our audit report it ended at June 30, 2016, but we are required to put if there is a significant event that has impacted the Town's financial condition. Before we issue that audit report, we are required to put what is CPA accountant speak as a subsequent event note in. And so the very last note in our 2016 audit report is what you see right here. We issued bonds on September 21, 2016. The $2.7 million, the number in the middle, is a refunding so that's not really new debt, but the $865,000 and the $7,810,000 is absolutely new debt and our audited by an independent auditor audit report would tell you that we issued bonds in calendar 2016. We have a page in our 2017 audit report at the very top it says that this is our bond fund, it's effectively the 2016 bond issue. We are not very inventive with names because we issued them in 2016, we named that bond fund the 2016 bond fund. Middle of the page here, see where it says Other Financing Sources, bonds issued in the current year column, so from the subsequent event note would tell you that we issued $8,675,000 in bonds. What I like about looking at it from the audit report perspective is this tells you what we used the money for. Up in the expenditures section we were finishing the Rec Center and so we budgeted to spend some of that money on finishing the Rec Center, Fire Station #4 was a significant portion of what we used those bonds for. Culvert improvement, we started Gilead Road West with $300,000 that was just going to be a culvert that has ballooned and we continue to work on Gilead Road West and that funding of Main Street was a significant portion of the 2016 bond issue. I have 11 other items that you can go through. I feel like I've made the case. There was a 2016 bond issue. We got a good rate at the time. We were pleased with it. The interest rate stayed low for a very long time. This was a respectable rate. I'm happy to go through more of these if you would like to see them.

Commissioner Quarles said during 2016, 2017, 2018 and 2019, I'm pretty sure the tax rate at that time was 30 cents.

Ms. Huffman said this tells you from the year 2000 what the Huntersville tax rate was. This will tell you what the tax rate was in all those years.

Commissioner Bergsman said I was actually going to ask about this slide, because I remember seeing it at the last Brew on the Budget and I kind of like the historical aspect that it gives and actually my question ties into this chart because I know last year was a property reval year for the county. Are there any other years represented on this chart that were also reval years?

Ms. Huffman said I've been a municipal employee in Mecklenburg County since the year 2000. My recollection is that prior reval years were 2004, 2012, 2020 and then 2024. I don't know when they were before that. Thank you for bringing up, so when the values were going up it was not unusual for the rate to go down. I wouldn't want you to look at this chart in isolation without thinking about what the value changes were, too. That's completely fair.

Commissioner Bergsman said when we're talking about tax rates and increasing it, it's often folks who are on fixed incomes that have the hardest time with that. I think I had mentioned at the last meeting about possibly looking into a program similar to what Davidson has, that tax assistance program that's funded not by tax dollars but by donations and I was just wondering if that's something there's a chance to look into or if we have any kind of updates on a program like that.

Bobby Williams, Assistant Town Manager, said Davidson's program is through the Davidson Community Foundation.

Commissioner Bergsman said do you know legally is there a way for the town to have like a not necessarily a whole foundation which would take a lot of work, but kind of like a separate fund that's donation driven.

Emily Sloop, Town Attorney, said as far as the Town being able to use town dollars just to make donations even for charitable purposes, we can't due to constitutional limitations. As Bobby mentioned there could be a potential to partner with a non-profit that is offering a service, similar to how we do with the non-profits that will be coming before you all for consideration in the next month or so, but typically we are constrained by the constitutional limits which require us to basically only be able to give funds in exchange for a public purpose. That's something that we can do some additional research on to see about options for how it may be structured, but if I were speaking just without having done that research, the more likely scenario would be partnering with a non-profit in some form or fashion.

Commissioner Bergsman said just to be clear I'm not advocating in any way to use tax dollars for something like that, donations only. I have one more question in relation to the Parks & Recreation budget. I was just curious being on Parks & Rec and looking at the goals and it seems like a big priority right now is definitely decreasing the number of people that are on wait lists for programs. And I just kind of wanted to hear some more information about it looks like the increasing some part-time hours, amount of hours, how that can help.

Michael Jaycocks, Parks & Recreation Director, said some of the programs such as summer camp, our hands are tied from expanding based on facilities. The hope is that once the new town hall is built this can be remodeled and we can expand on summer camps. Some of our other programs we are offering more sessions, which having additional staff allows us to do, so some of those programs we were able to knock down some of the wait lists such as like preschool programs, mini-athletes, stuff like that, afterschool programs. Summer camp is the one we really don't have a way to expand yet.

Commissioner Bergsman said you do think for some of the other programs that this budget will help improve some of the wait lists for those.

Mr. Jaycocks said yes.

Commissioner Dumas said we're growing really quickly. We hear that all the time. We see it, we feel it. Wouldn't the additional people moving here help us with our tax revenue. Is there an issue with expenses? Why is it that we need to raise the taxes if we have so many people moving here?

Mr. Roberts said obviously we're growing. I think Jackie had showed some slides before where from a growth rate standpoint we're the highest in the county.

Ms. Huffman said the Mecklenburg County Assessor's Office sends to us the what I'm going to refer to as the natural growth in the system, the building rate, the change in value. If you knock one house down and build a bigger house there or if you just built a house on raw land so there's something to tax that wasn't there in the prior year. Huntersville is growing at a rate of 3.2 percent, which is a higher growth rate than the county average and the other municipalities. That's 3 percent and so if you go back and review what we estimated a penny on the tax rate generated for FY24 the current year, that would have been $1.5 million and because we have that 3 percent growth rate, we estimate that a penny on the tax rate this year generates $1.6 million.

Mr. Roberts said with all the capital and the various public safety items we're doing, just the 3 percent growth alone doesn't cover that or 3.2.

Commissioner Dumas said from my perspective it's with more people comes more expense, especially with how quickly we've grown, we have to widen the roads and we've fallen behind on keeping up with that stuff, so it costs more.

Mr. Roberts said the cost of everything is going up unfortunately. We're going to push orange barrels everywhere, which is going to be painful, but we have to.

Mayor Clark called for public comments.

Michelle Blumenthal said I guess the first thing I want to say is that I vehemently oppose wasteful spending, but I don't think this is wasteful spending. I support this budget and the tax increase to pay for the new Town Hall, which the majority of the previous board committed to building, to pay for roads and greenways, which we voted for the bond. They put it on the ballot, and we voted for it. Also to pay for a municipal fire department which we need and which the previous board initiated a plan to establish, and also to pay for adjusted Town staff salaries to pay staff what they deserve. You must pay for the services we need and have committed to. We need to pay our bills. We need to pay for the Police and the Fire Department and as we just heard, we have a lower tax rate than the top 25 municipalities in the state and with this increased tax rate we still will. I know there are people that hate the idea of a tax increase, but if it's necessary and if it's not wasteful, then we have to pay our bills.

John Foster said I told myself earlier this afternoon that this was a very difficult day for me to say what I wanted to say and try to say it in three minutes. I could stand and listen to Jackie all day. I've lived in Huntersville for over 30 years and it's obvious that we have grown that whole 30 years. Some things that I wanted to say and I played with all kinds of numbers this week, but after listening to her I scratched those. I'm not going to even try to compete with her. But what I'm going to tell you guys and everything else, you were elected to do a job. I think you are very capable of doing that job. I highly recommend that you approve the budget, stay on course on the things that you have already started. Don't listen to the naysayers and continue to do the things that this town needs. We need sidewalks, we need better roads, we need to continue to improve infrastructure. I look at car tags every day. And the car tags that I see from out of state is just truly amazing. I talk to people every day in our store that have moved here. Why did you move here. Where did you move from. And it's obvious in the over 30 plus years that I've lived here, Huntersville has done lots of things right, but if we don't continue to spend money, if we don't continue to do the things that need to be done, we can't delay them. Doing the city hall right now, I'm glad you guys are getting credit for it, but you know how many millions of dollars is that city hall costing taxpayers by us delaying it probably two terms. It should have never been delayed. We should be in it today. I'm going to tell you, continue to do what you're doing. Stay the course. Don't listen to all the naysayers and everything else. No one in this world cannot make it without having budget increases from time to time. The things that we talked about and the things that she talked about I think they're necessary. Do what you need to do, don't worry about what other people are saying. Make sure it gets into the newsletter and publicize it wherever you can and you'll be okay when you all get ready to get reelected. Stay the course and continue to do the job that you are doing.

Frank Gammon said I'm a 30 year resident of Huntersville. I'm here to request that you eliminate the solid waste fee. The $154 fee is in fact a property tax which adds two plus cents to the established property tax, which brings the proposed tax rate to nearly 25 cents. Former commissioner Lance Munger stated during last year's budget discussion that the solid waste fee impacts those living on fixed incomes the most and I agree. I'm glad you didn't raise it this time. I just want you to get rid of it. Eliminating the solid waste fee provides relief to all citizens, especially those living on limited incomes. Rising water raises all boats the saying goes. I believe the budget you are proposing with the increased tax rates can absorb the elimination of the solid waste property tax.

Sarah McAulay said I respectfully request that you not pass this budget, that you go back and look at it, you take out all the well it would be nice to have this or I think that's a good idea or let's move forward with that. You're hung up on the tax rate. Look at the dollars that it's bringing in. Look at all the construction. I went out of town for a week and there were eight new houses being built in front of me, not the ones on the east towards the school but the ones across Gilead Road. This economic news that I read describes the time that we are in now as the white collar depression. That is true. There are people losing their jobs because businesses and corporations are moving to other locations and they have aged up a little bit because they stayed with the companies and they cannot find jobs. The tax bills go out in North Carolina in July. They are due by September 1. You are going to raise the tax rate and bring in a lot more money that have come online since last year. Talk about elections, on November 5 of this year you have a bond issue out there. I believe some of it is for roads. A lot of the budget that I was able to look at online has road construction to North Carolina State Highway Roads. What I think is going to happen is that you are going to end up turning that money over to the state to do, because you cannot contract to change a North Carolina road. I respectfully request that you go back and look at this. Don't get hung up on the tax rate. The tax rate that they showed you that decreased some years back was because in 2008 we had revaluation. Yes, the tax rate went down because revaluation went way up. We had revaluation in 2023. The tax stayed the same I believe. Look at the money, not the rate. Don't pass this.

There being no further comments or questions, Mayor Clark closed the public hearing.

Petition #ANNEX24-01. Mayor Clark called to order public hearing on Petition #ANNEX24-01, a request by Shea Homes Carolina, LLC, to annex 59.462 acres into the Town of Huntersville.

Brian Richards, Planning Director, explained due to a clerical error at the Charlotte Observer our legal ad was not able to be run. We've got that corrected. We're just asking for continuance so we can be in compliance with the law.

Commissioner Hunt made a motion to move Petition #ANNEX24-01 to 6 p.m. on June 3, 2024, at Town Hall.

Commissioner Quarles seconded the motion.

Motion carried unanimously.

OTHER BUSINESS

Public Records Policy and Fee Schedule. Commissioner Walsh said what the Board is going to be asked to approve this evening is a new Public Records Policy and Fee Schedule. Ms. Sloop here in a minute is going to go through some things, but I want to kind of put things in perspective to let those who are watching or here to first of all understand what a public record is, what we don't actually show as a part of a public record – confidential information, etc., basically to understand the redaction process and then understand what has been coming to the Town over the last year in terms of number of requests, complexity of requests, etc. and then look at a fee schedule, what other municipalities do and what we are recommending this evening.

Emily Sloop, Town Attorney, presented PowerPoint presentation. *PowerPoint attached hereto as Exhibit No. 4.* As Commissioner Walsh stated, this Board requested that the Legal Department research what other jurisdictions were doing with regards to public records and fee schedules and also to prepare a draft policy for consideration. First, though, it would make sense to let those listening and in the audience know what is a public record.

The definition of a public record is set forth in the North Carolina General Statutes. It's section 132-1. I'm not going to read the definition in its entirety, but essentially public records are those records that are created in the transaction of public business. It doesn't matter what the format is. It could be emails, it could be text messages, it could be posts on social media, books, etc. I have highlighted the relevant portions here of the definition and I do want to call out that it is not only for the Town Board and the Town departments, but this would also apply to those records that are created by all of the appointed boards, committees, commissions, etc.

Again, looking at the statutes, Section 132-1(b) does note that public records belong to the people. That means that they can be requested by anyone. However, there are limitations. Nothing in the statutes require the Town or any of its committees, commissions, departments, etc. to create records that do not exist. If, for example, a list is requested from the Town and we don't maintain that list, we are not required to create a record to respond to a public records request.

Certain information is not considered public record under the statutes, and it also could be considered confidential per statute. I've listed here a few of the examples that would be considered non-public records and/or confidential. That would be information protected by attorney-client privilege, including trial preparation materials. Also, tax information, enterprise billing information, electronic payment account numbers, proprietary information, criminal intelligence information, sensitive public security information. Also, we are not going to be giving out any social security numbers, so do not worry about that, protected medical information, and also information that's contained in a personnel file.

When someone submits a public records request, Town staff has to look at that information that they are seeking and make a determination as to whether or not what they are seeking can be released or whether or not it is considered non-public record or confidential that must be redacted. The typical redaction process requires review by not only the department from which the records are coming from, but also the Town Clerk and the Town Attorney to make sure that we are complying with state statutes. Each redaction has to be made manually. That is to say that we have to go through page by page and look at each page to make sure that we are not releasing something that cannot be released per law.

The Town Clerk compiled this information regarding the number of requests that we receive each year. Based on a 5-year average, the Town receives 88 public records requests per year. As of May 23, 2023, the Town had received 35 requests. As of May 14, 2024, the Town has already received 43 requests.

That is approximately a 23 percent increase in the number of public records that we have received this year from last year.

Each public records request is not the same in terms of how complex it is or how many records that the request is going to produce. Rather the breadth and complexity of the request vary. Most recently we have seen an upwards trend in the number of broad, complex records requests that produce voluminous results due to the lack of specific search parameters being included in the request. For example, if we receive a request that does not have a specific date range, specific key terms to search for, any idea about where the record may be found, that adds to the complexity of the request.

Also, the redaction process again requires multiple levels of review prior to us being able to reduce the records. If we receive a very broad and complex request that has not been properly narrowed down with specific search terms, dates, etc., that can add to our standard response time. Due to the increased number of these types of requests, our response time has increased.

This slide lists out a couple of examples of recent requests that we have received and the redaction process associated to those requests. The first request that is highlighted on this email was a request for emails for a particular lieutenant's emails from the Police Department for a period of three months. The request did not include any keyword search terms. There were no specific topics that were being requested. This particular request resulted in approximately 4,200 responsive records including attachments, many of them duplicative, during the requested time period. That being the case, we had to go through each of those 4,200 documents and look to see what needed to be redacted. And as you can imagine, because this dealt with police information, a lot of the information that was contained in the records that came back was confidential or needed to be redacted because it contained non-public record information.

On the flipside, another recent request that we received was for all communications related to the dedication of sidewalks, their maintenance and repair, in a particular subdivision. Also, we were asked to produce information regarding removal, repair or remediation of sewer clean-outs in the same subdivision. Finally, that request also wanted communications with developers, contractors, HOA and property management and minutes of public meetings. When we first received this request for information, it was very broad. As you can see, they were asking for multiple different pieces of information. However, the Town Clerk was able to, as well as myself, reach out and work with the requester to narrow down the search terms, narrow down the date range, narrow down the specific types of information that they were seeking, whereas in the original request the requester refused to narrow down the request. Even with this reduced request with specific search terms and parameters, ultimately the second example here still produced approximately 4,500 documents that we still had to go through and make sure that they were being redacted properly and that's with it being narrowed down.

Pursuant to North Carolina General Statute 132-6.2(b), a municipality is within its legal rights to charge for the actual cost of producing copies of public records, the cost for certification when producing certified public records, cost for greater use of technology resources than available to the agency for the reproduction of such voluminous records and also a special service charge based on the cost incurred for extensive use of information technology resources or the labor cost of personnel providing extensive clerical or supervisory assistance.

This chart is based on research that the Legal department did in terms of determining what a potential policy might look like. We did a survey and by no means is this list exhaustive. There are many other jurisdictions across the state, whether they be at the county level or town level, that do have policies in place, as do various state departments including the North Carolina Department of State Treasurer, the North Carolina Department of Public Safety and also the North Carolina Administrative Office of the Courts which is a judicial entity in North Carolina. As you can see from the chart, most of the special service charges start to accumulate after 4 hours of staff time being spent on the request. Mooresville is on the higher side. They have $38 per hour over 4 hours. Many that we saw had $18 per hour over 4 hours. Some of the jurisdictions that we saw even started charging the special service charge beginning at 2 hours or 3 hours. Another trend that we saw in the policies was that if it was over a certain estimated fee that would be accumulated or assessed, that the municipality or county would provide a fee estimate and then the requester would have the opportunity to either move forward with the town fulfilling the request based on the estimated cost or they could choose to narrow down the request to attempt to narrow down the fees that would be associated with the request. Also, another trend that we saw in most of the policies was not only was a fee estimate provided, but also a deposit would be required to ensure that once the work had been completed that we were getting the advanced deposit and then not releasing the records until the fee was paid in full.

Commissioner Walsh said the request tonight for this is the Public Records Policy and Fee Schedule. Most of the responses to public records requests will continue to be produced in electronic format and be free to the requester. We believe that probably 80 to 85 percent of what we currently get would be that way. Requests requiring extensive use of information technology and/or extensive clerical or supervisory staff time will be assessed an information technology fee and/or special service fee charge, whichever may apply. The special service charge will be $18 per hour for time expended on requests in excess of 4 hours and may be prorated. Again, as Ms. Sloop mentioned, the estimates will be provided for requests that are estimated to exceed $25 in assessed fees and then a 50 percent deposit will be required for requests that exceed $50.

Commissioner Hunt said does this deter people from requesting public records or does it just incentivize them to be specific?

Commissioner Walsh said I would say that it won't deter people from making requests. Hopefully they can be more specific. We had a request for all the emails from a former elected official which came out to 34,000 records. Staff is going to take months and months fulfilling that request. We did reach out to this person to try and get them – what are you after, let us help you, but it was just this is what I want, so I think what we are doing is protecting the taxpayers' money in this particular case. We expect those to continue on. A lot of people are very targeted in what they request. They're usually pretty easy to fulfill, but again we'll work up to 4 hours on that.

Commissioner Rivers said an estimate currently right now with the public records requests, what are we looking at percentage-wise? I know you stated 85 percent that are getting it free at this moment.

Ms. Sloop said there are no fees currently associated, but even with the implementation of the policy as drafted and the new fee schedule, still approximately 80 to 85 percent as estimated by our Town Clerk will remain free as far as the production costs.

Commissioner Bergsman said can you go back to one of the last slides that had the descriptions of when special service charges are…….my question is kind of in relation to the fourth point on there and I was just wondering if there's any kind of definition on what constitutes the clerical or supervisory assistance.

Ms. Sloop said there is no specific definition that is set forth in the general statutes, rather in doing our research we looked again at different municipalities. The approach that we took was to take the middle ground in terms of the cost that would be applied and also the middle ground as to when the cost would start applying, so as you saw on the table that included the information about the other policies from jurisdictions across North Carolina, if you were able to switch back to that you can see that several of them start charging at over 2 hours, however we looked at the other municipalities including state agencies and it seems that the average is 4 hours to start charging that.

Commissioner Bergsman said I've kind of looked at this almost as like a snowball effect. We want to be very careful because public records are people's records and I don't discount that. That's very important to me, but I've noticed in the last few months where we've had multiple requests in that are smaller that have a very specific, you know it's very clear what's being asked. I feel, and this is where I want to be corrected if I'm wrong, but there have been delays in responding to multiple public records requests because of time that's spent on these very broad thousands, dozens of thousands of emails that this is also impacting other residents in the community who have these smaller requests.

Ms. Sloop said I don't want to put words in our Town Clerk's mouth and she can jump in if she feels the need – but my understanding and in looking at the requests that I have had to review, yes the breadth of complexity we've seen an upwards trend, more of the requests that are coming in do not include the specific search terms. Many of them do, you're correct, and those are the ones that can be responded to much quicker by the Town Clerk, but if we receive these broad, complex requests that don't include the specific search terms, that don't include specific date ranges, that don't include which department we should look to to gather the information, that's where some of the smaller requests that would typically be very easy to fulfill and do very quickly, they're sometimes falling by the wayside because we are continuing to work on those very large, broad complex requests. I know that Janet does try if she sees one that is easy to respond to, to not penalize that person and make them wait behind the other very broad complex ones, but that's not always doable depending on her schedule and workload.

Commissioner Quarles said will these fees apply to residents as well as media or residents and not media?

Ms. Sloop said as drafted and this is similar to the other policies that we saw, the requirements that are found within the policy will apply equally across the board no matter who the requester is.

Commissioner Quarles said I ask that because we know there are some people that may have friends in the media and they may use that route to say okay, would you please contact the Town of Huntersville for a records request and try to get around it through a loophole.

Commissioner Bergsman said I just wanted to verify, say someone submits the form and it looks like it's going to be an estimated 8 to 10 hours of work. Are we still going to provide them the opportunity to kind of go back and make a few changes to narrow in on what they are actually looking for?

Ms. Sloop said correct. You'll see in the draft policy that there is a form that is called a Fee Estimate Form that will go out to the requester detailing the cost that is estimated. If it's over $25 as the estimated fee, at that time they can either issue a notice to proceed with the request in fulfilling it and that they acknowledge the fee as estimated, or they can then choose to narrow down the scope of the request or alter their request before moving forward.

Mayor Clark said just for folks who may not know we have a clerk Janet who does the majority of the work on this and our Town Attorney who also does the majority of the work on this. That's two people reviewing 34,000 emails, 5,000 emails at a time – just so everyone knows that's a huge burden on our staff.

Commissioner Walsh made a motion to approve the new Public Records Policy and Fee Schedule.

Commissioner Quarles seconded the motion.

Mayor Clark called for the vote.

Motion carried unanimously.

CLOSING COMMENTS

None

There being no further business, Commissioner Hunt made a motion to adjourn. Commissioner Quarles seconded the motion. Motion carried unanimously.

Approved this the 3rd day of June, 2024.