



Budget Planning Retreat - Minutes Monday, February 15, 2021

COUNCIL PRESENT:

Mayor Mulhollem
Mayor Pro Tem Castleberry
Council Member Jackson
Council Member Purvis
Council Member Wilson

STAFF PRESENT:

Mike Gordon, Town Administrator
Julie Maybee, Town Planner
Kim P. Batten, Finance Officer/Town Clerk
Joyce Lawhorn, Deputy Clerk

COUNCIL ABSENT:

Council Member Bruton

MEDIA PRESENT:

None

1. DINNER

- a) **Dinner was provided at 5:45 p.m.**

2. WELCOME ~ MAYOR MULHOLLEM

- a) **Mayor Mulhollem called the Budget Planning Retreat to order at 6:31 p.m. in the Jeffrey D. Barnes Council Chambers located at 14094 Buffalo Road, Archer Lodge, NC and declared a quorum present. He thanked Staff for making the arrangements for dinner.**

3. INVOCATION & PLEDGE OF ALLEGIANCE:

- a) **Council Member Jackson offered the invocation.**
- b) **Mayor Mulhollem led in the Pledge of Allegiance to the US Flag.**

4. FINANCIALS ~ KIM BATTEN

- a) **Interim Financial Reports for December 2020**

Ms. Batten provided an overview of the December 31, 2020 financials. She noted that the projected revenues in the General Fund were roughly 64% collected due to receiving the bulk of the Ad Valorem taxes by the first of the month. General Fund expenditures for December were estimated to be 57% of those anticipated thus creating a net gain for the month and the year-to-date figures. Regarding the other funds, Ms. Batten stated that each had received their share of investment earnings as displayed and the Park Reserve three-cent transfer for the month of December is typically the highest of the fiscal year at approximately \$63,000.

In comparing December 2019 with December 2020, revenues are higher this fiscal year with an increase of approximately \$55,600 and the expenditures are less this fiscal year with a decrease of approximately \$4,300. The net difference between the two years resulted in an increase of approximately \$60,000 in December 2020. No further comments followed.

b) Interim Financial Reports for January 2021

Having just commented on the financials for December 2020, Ms. Batten quickly noted that January 2021 revenues exceeded the January 2021 expenditures by approximately \$36,100 for the month and by approximately \$139,000 for the fiscal year ending January 31, 2021. Ms. Batten shared that the other funds received their share of investment earnings which remain low with the Park Reserve fund receiving the monthly three-cent tax transfer of approximately \$17,100.

In comparing January 2021 with January 2020, Ms. Batten noted that revenues had increased by approximately \$60,500 in January 2021 and the expenditures in January 2021 were less than those in January 2020 by approximately \$4,800. The net difference between the two years resulted in an increase of approximately \$65,400 in January 2021.

The Archer Lodge Town Park Project Fund is underway with designing and permitting. The Town has received two reimbursements from the PARTF Grant in the amount of \$23,725. The Town has currently transferred \$38,665 from the Park Reserve Fund to the Archer Lodge Town Park Project Fund to cover invoices received thru January 31, 2021. No further comments followed.

c) Audit Ending June 30, 2020 Update

Ms. Batten mentioned that the Audit deadline for fiscal year ending June 30, 2020 was extended three months to January 31, 2021 due to COVID-19. She informed the Town Council that the Audit for fiscal year ending June 30, 2020 has been submitted and she, along with May & Place, PA, are waiting for approval by the State. Once approval is received, arrangements will be made for Dale Place to present the Audit to the Town Council. No further comments followed.

5. BUDGET OFFICER / TOWN ADMINISTRATOR ~ MIKE GORDON

a) FY2021/2022 Budget Workshop

Mr. Gordon thanked Ms. Batten for all the financial reports and commended her work with the Edmunds Local Government Finance Software.

Ms. Batten organized teams of two to discuss/edit/review the Budget/Revenue Preparation Worksheets for FY2021-2022 for their assigned departments. The teams worked diligently for 30+ minutes and notated reasonable amounts for each line item listed. Those teams were as follows:

1) Council Member Wilson and Ms. Batten:

Departments:

- a) Governing Body Expenditures
- b) Tax Collections Expenditures
- c) Video Program/PEG Media
- d) Interfund Transfers

2) Mayor Mulhollem and Ms. Lawhorn:

Departments:

- a) Administration Expenditures
- b) Legal Expenditures
- c) Property Tax Expenditures

3) Council Member Jackson and Council Member Bruton was absent

Departments:

- a) Public Buildings Expenditures
- b) Debt Service/Fees Expenditures

- 4) **Council Member Purvis and Ms. Maybee**
Departments:
 - a) Public Safety Expenditures
 - b) Planning/Zoning Expenditures
- 5) **Mayor Pro Tem Castleberry and Mr. Gordon**
Departments:
 - a) Public Works/Transportation Expenditures
 - b) Parks & Recreation Expenditures

Following the breakout sessions, each team shared their hard work, dollar amounts and ideas for their departments. Regarding the revenues, Ms. Batten and Council Member Jackson shared those worksheets together and discussion followed.

b) Budget Brainstorming/Ideas

- 1) **Governing Body**
 - **Mayor M. Mulhollem**
 - **Mayor Pro Tem C. Castleberry**
 - **Council Member T. Bruton**
 - **Council Member M. Jackson**
 - **Council Member J. Purvis, III**
 - **Council Member M. Wilson**
- 2) **Staff**
 - **Town Administrator M. Gordon**
 - **Finance Officer/Town Clerk K. Batten**
 - **Deputy Town Clerk J. Lawhorn**
 - **Town Planner J. Maybee**

1) **Governing Body Ideas:**

- Some line items remain in the budget pending the release of projects.
- Public Works Department needs a line item for supplies.
- Staff has reached out to towns in the area with parks and recreation to inquire if they would be willing to provide consultant services to aid with our new park in lieu of hiring a professional consultant that the PARTF Grant would not cover.
- Suggested that Archer Lodge Community Center provide Council a budget.
- Budgeting to purchase the 2018 JEEP at the end of the lease which has an odometer reading of approximately 7,000 miles.
- Budgeting for a heavy-duty vehicle for hauling maintenance equipment, signs, etc. for Parks & Recreation at the beginning of 2022.
- Budgeting for security at the Town Park.
- Staff will check with Kerry Barnes, Animal Control Officer, for animal control supplies.
- Discussed purchasing iPads or Monitors in Council Chambers for the Town Council / Planning Board.
- Increase Code Enforcement Services due to a potential increase following COVID-19 Pandemic.
- Council Member Jackson reiterated his comments at the January 4, 2021 Town Council Meeting, that the Town needs "another tool in our toolbox" that entices homeowners just outside of the Town Limits to seek voluntarily annexation. Discussion followed.

Ms. Batten shared that she would use the information provided in preparation of the FY2021/2022 Draft Budget. Mayor Mulhollem was appreciative of the Budget Workshop allowing everyone to review the budget together and shared that it was very informative. Several commented in favor of the breakout sessions, the discussions that followed and how it helped Council delve into the budget process. Ms. Batten asked if there was anything that needed to be added or discussed. No discussion followed.

2) **Staff Ideas:**

- Mr. Gordon shared a handout regarding the UNC School of Government Fellows Program. He asked Council to review prior to the Monday, March 1, 2021 Town Council Meeting. He gave a brief overview of the program and shared the benefit it would provide for the Town. The handout appears as follows:

HOST A

LEAD FOR NC FELLOW

IN YOUR LOCAL GOVERNMENT

Strengthening NC's local governments.

Creating future public sector leaders.

Transforming our communities.

A FELLOWSHIP IN LOCAL GOVERNMENT FOR RECENT COLLEGE GRADUATES



HOW IT WORKS

We find, train, and support Fellows to work on your community's greatest needs.



We recruit diverse and dynamic recent college graduates from NC for you to interview in April. We use your proposed work scope to tailor recruitment efforts.



We train and support Fellows at the UNC School of Government to prepare them for their service. We use your work plan to tailor our trainings.



Fellows begin their year of service in July and work on community issues you've identified, while receiving support from the School.

INCREASE YOUR CAPACITY

Fellows work as full-time employees and work on transformative projects.

94%
OF our host sites reported increased capacity within their local government

\$10,337,744
Grants funded by LFNC Fellows from Cohort One to support community initiatives

100%
OF our host sites would strongly recommend LFNC to other governments

\$1,866,300
Estimated cost savings through manager estimates

Our fellows have worked on the following projects:

- Covid-19 Relief
- Grant writing
- ADA compliance
- 160D compliance

- Environmental sustainability
- Community health initiatives
- Hurricane recovery & resiliency
- Public works / utilities

- Economic development
- Citizen engagement initiatives
- Strategic communications
- Policy research

"Our Fellow has made a significant impact and has saved over a million dollars in unneeded expenditures.

The high quality, self-motivated, and well-informed work of the fellow, offers localities with limited resources the highest caliber employee.

This program has exceeded my expectations."

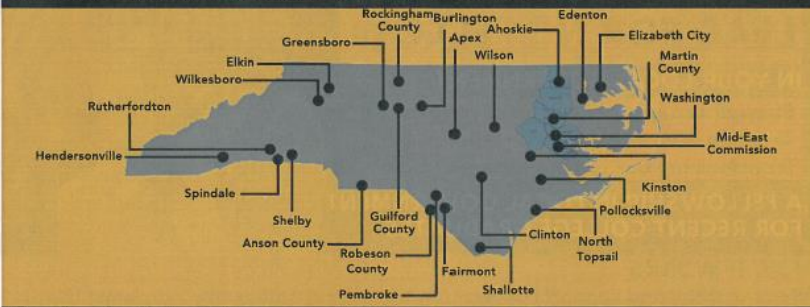


BARRON MONROE | MANAGER, ANSON COUNTY

UNC SCHOOL OF GOVERNMENT

Lead for North Carolina

28 LFNC Fellows Across North Carolina: Cohort One & Two



Timeline for Cohort 3

- February 19, 2021---Local government submits application
- February 24, 2021---Local governments are notified of their status as a host government and eligible jurisdictions are notified of final subsidy amount
- By March 5, 2021---Local government commits to the program
- April 22-23, 2021---Local governments interview prospective fellows

- By April 30, 2021---Local government enters into contracts with fellow
- June 7-25, 2021---SOG Summer training program
- By July 15, 2021---LFNC Fellow begins service with host government

Cost for Participating Governments

We expect the total cost to host a fellow in year 1 to be \$46,700 and in the optional year 2 to be \$35,700. Thanks to the generosity of our funders, most notably the State Employees' Credit Union Foundation, jurisdictions located within the most economically distressed communities can anticipate to pay approximately \$13,000.

The cost breakdown is:

- direct compensation to fellow (\$28,000), estimated employment taxes (\$2,100), health care stipend (\$3,600), training and support (\$15,000).

Significant subsidies are available to local government hosts in economically distressed communities in the first year of the program. Subsidies are determined by economic need and population but can cover up to approximately 75% of the total cost. LFNC uses the NC Department of Commerce's tier ranking and the Economic Innovation Group's Distressed Community Index (by zip code and by county) to determine the subsidy amount. The total subsidy amount will be determined based off the total host applicant pool.



"LFNC brought an element of talent to our organization that gave us the opportunity to deliver the type of services we long envisioned for our citizens. Objectively speaking, our community engagement is higher. We have greater engagement on social media and more interest in our Sunshine List.

She has achieved in one quarter, what we hoped the fellow to achieve in a year."

BRYAN CHADWICK | FORMER TOWN MANAGER, NORTH TOPSAIL BEACH



"A fellow working in the town means more to the town than just an additional employee. It means we were able to prepare a young person in the field of municipal management, while strengthening our organizational infrastructure.

This partnership yields a high rate of return for the fellow and the jurisdiction. The continued success of this program is imperative for our state."

KATRINA TATUM | RETIRED TOWN MANAGER, FAIRMONT

lfnc.sog.unc.edu
Facebook.com/lead4nc
Twitter: @lead4nc
UNC School of Government

LFNC is sponsored by the UNC School of Government, the NC League of Municipalities, the NC Association of County Commissioners, and the NC City & County Management Association.

Dylan Russell
LFNC Executive Director
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FEBRUARY 15, 2021

BUDGET PLANNING RETREAT MEETING

Page 4 of 8

- Ms. Maybee shared a handout for the Board to read regarding North Carolina's Changing Population. She shared some background information regarding Wake and Johnston Counties being the largest growing counties in the State. Furthermore, she mentioned there is a changing population of people 65 and older. With the rapid growth, she stated, development pressures increase. The handout appears as follows:

North Carolina's
Changing
Population
Dynamic



July 2020

Executive Summary

- North Carolina's population growth has been larger than most other states' over the past decade and was poised to continue strong population growth prior to the COVID-19 pandemic.
- Migration has been a key component of the state's growth and is likely to remain a driver of population growth over the next decade.
- COVID-19 has created uncertainty around projected growth patterns.
- COVID-19 and resulting economic uncertainty may affect natural population growth factors. Long-term migration patterns may potentially include people relocating to NC from higher density urban areas in other states/countries.
- NC's rural population is significant, but most growth has occurred in or around larger cities.
- The population is aging and the fastest growth of the 65+ population is in urban areas.
- North Carolina is becoming more diverse.
- Census 2020 is vitally important to North Carolina's economy and electoral representation. COVID-19 may exacerbate the ability to accurately count traditionally hard-to-count populations.

This report was prepared by the State Demographer of North Carolina. For more information on the population dynamic of North Carolina, visit: <https://www.osbm.nc.gov/facts-figures>.

NORTH CAROLINA POPULATION GROWTH COMPARED TO OTHER STATES

According to the US Census Bureau, the state has shown robust growth, adding roughly 952,000 people between 2010 and 2019. Despite a smaller numeric population increase compared to the 1990s and 2000s, North Carolina experienced the fourth largest numeric gain among states between 2010 and 2019, adding more people than Michigan, New York, Pennsylvania, and Ohio combined. North Carolina's population growth was surpassed by only Texas (+3.8 million), Florida (+2.7 million), and California (+2.3 million).

During the past decade, North Carolina became the ninth most populous state in the nation, with a population nearing 10.5 million in 2019 and, as a result, is expected to gain at least one additional congressional seat after the 2020 Census.

Prior to the COVID-19 pandemic, the State Demographer projected North Carolina would grow by an additional 245,000 people in this biennium, achieving a population of just less than 10.8 million by July 1, 2021. The economic fallout from the pandemic will likely depress growth in the short term due to limited migration, fewer births, and more deaths than previously projected. This may result in a population closer to 10.7 million by July 1, 2021.

4TH

NC experienced the 4th largest numeric gain among states between 2010 and 2019.

9TH

NC is now the 9th most populous state in the U.S.

10.7 M

Projected population of NC by July 2021 is 10.7 million.

COVID-19 CHALLENGES PROJECTIONS

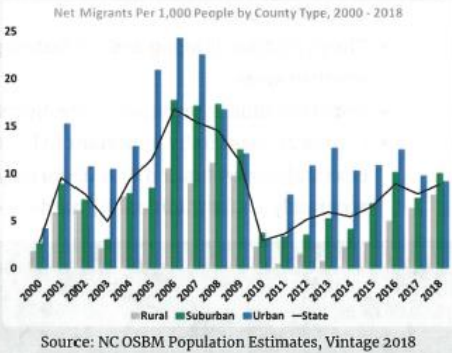
It will be at least a year before we fully understand the impact of COVID-19 on mortality and fertility, and therefore on natural population growth (defined as births minus deaths). So far, social distancing and other preventative procedures have limited deaths from the pandemic. Deaths in excess of what would be expected would lead to a smaller increase in natural population growth. Fertility rates could further depress growth as they often decline during uncertain times when couples delay major decisions such as having children.

Additionally, COVID-19 will likely challenge the other component of population growth – net migration.

While people move for a variety of reasons, chief among them is job opportunities. Even relocating retirees depend upon economic stability. Past economic downturns in the early 2000s and the Great Recession slowed the rate of net migration for the state's urban and rural counties alike (Figure 1). Prior to the pandemic, the rate of migration was gradually recovering from the Great Recession but had not yet returned to the levels of the previous decade.

In the longer term, the pandemic may draw more people to North Carolina from other areas, especially from high-density urban areas elsewhere in the United States and abroad.

Figure 1
Past Economic Downturns Slowed Migration to North Carolina



MIGRATION REMAINS A CRITICAL COMPONENT OF RECENT & FUTURE POPULATION GROWTH

Beginning in the 1970s, migration became a more important factor in our state's population growth and since 2010, net migration accounted for 68% of the state's population growth. Three of every four of these migrants moved here from other states (the remainder having moved here from abroad). The Census Bureau estimated 639,000 more people moved to North Carolina than left between April 1, 2010 and July 1, 2019, more than any of our neighboring states. Only Florida (+1.3 million net domestic migrants) and Texas (+1.1 million net domestic migrants) had more net domestic migrants than North Carolina, and North Carolina was one of only 22 states with more people moving in from other states than those leaving (at 476,000 net domestic migrants).

The importance of net migration for population growth is projected to continue due to population aging and long-term declines in fertility rates. Between 2020 and 2030, 82% of the state's growth is projected to be derived from net migration.

Net migration accounted for 68% of population growth 2010-20

Net migration is projected to account for 82% of population growth 2020-30

RURAL POPULATION SIGNIFICANT, BUT MOST GROWTH IS IN LARGER COUNTIES

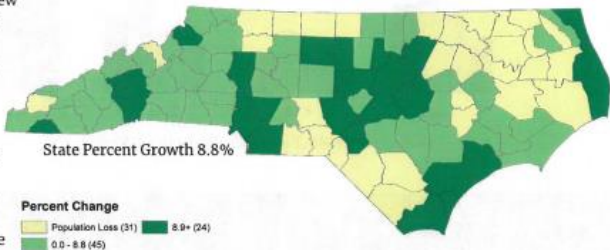
Population growth in North Carolina's six urban counties (as defined by the NC Rural Center) accounted for 57% of the 854,000 people added between 2010 and 2018. In fact, 38% of population growth occurred in Mecklenburg and Wake Counties alone. The 14 smaller urban regional city/suburban counties accounted for another 23% of population growth, with the remaining 80 rural counties accounting for 20% the state's population growth.

Rural areas remain important to North Carolina as 40% of the state's total population lived in rural counties in 2018.

The populations in all urban and regional city/suburban and most rural counties grew between 2010 and 2018. Of the 31 counties that lost population 2010-2018, all were classified as rural.

Two rural counties—Onslow and Johnston—have grown enough to be reclassified as regional cities/suburban counties and will likely be reclassified as such after the 2020 Census.

Figure 2
Population Change by County, April 1 2010-July 1 2018



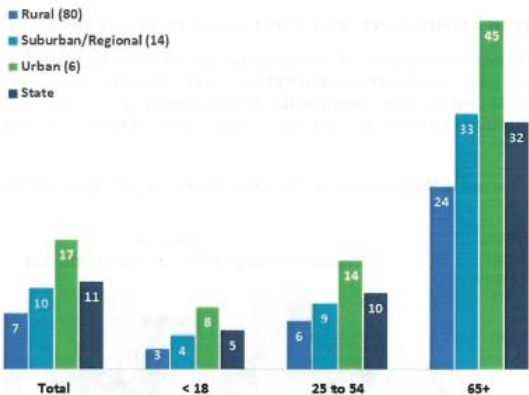
NORTH CAROLINA'S POPULATION IS AGING

By 2030, the State Demographer projects that one in five North Carolinians will be at least 65 years old, and by 2035 there will be more older adults (ages 65+) than children (ages less than 18). The State Demographer projects that between 2020 and 2030, the older adult population will increase by 576,000 people (32.1%) to 2.4 million in 2030, and the oldest adults (ages 85+) will increase from 194,000 to 276,000.

The older adult population will increase more rapidly than all other age groups in all areas of North Carolina – with the fastest growth occurring in urban counties (see Figure 3). Growth in the prime working age population (25 to 54) will be much slower than older adult populations, with rural counties expecting to see the slowest growth in this age group.

Meanwhile, the childhood population will increase by only 3% in rural areas, 4% in regional city/suburban counties, and 8% in the six large, urban counties.

Figure 3
More Rapid Growth of Older Adult Population in Urban Areas
Projected Percent Change of Selected Age Groups, 2020–2030



Source: NC OSBM Population Projections, Vintage 2019

The older adult population will increase more rapidly than all other age groups in all areas of North Carolina

CENSUS 2020

The 2020 Census count is currently underway. Those who have not responded can still respond by going to my2020census.gov.

In late summer/early fall the US Census Bureau will complete non-response follow-up and enumerate people currently experiencing homelessness; those living in dorms, nursing homes, prisons, and similar facilities; and people living in RV parks, hotels, and other temporary situations.

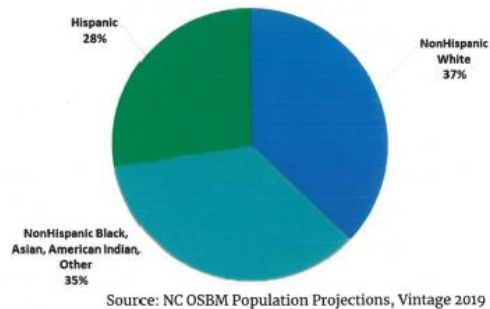
The 2020 Census count is important to North Carolina because it will:

- Determine our representation in Congress;
- Direct the distribution of federal funds, bringing approximately \$44 billion annually back to North Carolina, including approximately \$1.4 billion to support rural North Carolinians through Cooperative Extension distributions, housing loans and rental assistance, water and wastewater system grants, and business and industry loans;
- Impact the distribution of at least \$1.5 billion in state funds to local communities; and
- Provide data for state and local governments planning and private sector decisions that spur economic development.

NORTH CAROLINA IS BECOMING MORE DIVERSE

In addition to an aging population, North Carolina, like the United States as a whole, is becoming more racially and ethnically diverse. At least 38% of North Carolinians are Black, Hispanic, Asian, American Indian, or multiracial. These race/ethnic groups accounted for 66% of total population growth since 2010 and will account for approximately five of every eight persons added between now and 2039.

Figure 4
Five of Every Eight People Added Now -2039 will be a Person of Color
Proportion of Population Growth Attributed to Each Group, 2020 - 2039



Source: NC OSBM Population Projections, Vintage 2019

The latest population projections suggest that by 2039, 43% of North Carolinians will be a person of color (5.5 million of 12.9 million total people).

This transformation can be seen in the diversity of our schools. By 2018, close to half of the under 18 population was a child of color and Hispanic, Asian, and multiracial children accounted for all of the growth in the childhood population since 2010.

For all these reasons, it is critical that every North Carolinian is counted this year.

Unfortunately, some populations are often undercounted during the census. The pandemic has made the decennial census count exceptionally challenging and pushed the census timeline. It is likely Congress will approve a Census Bureau proposed delay in reporting the apportionment counts from December 2020 to April 2021, and redistricting data from April 1, 2021 to July 2021.

Governor Cooper's [Complete Count Commission](https://census.nc.gov) (census.nc.gov) will continue to work with local and state complete count committees and nonprofit groups to ensure that everyone responds to the once-a-decade population count.

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- Ms. Batten recommended returning the transfer to Capital Reserve Fund to the upcoming budget since the impact of COVID-19 has diminished.

Mayor Mulhollem thanked Staff for the preparation of the meeting with informative material. He added that he appreciated everyone's participation and wished them a safe drive home.

6. ADJOURNMENT ~ MAYOR MULHOLLEM

- a) Having no further business, meeting adjourned at 10:11 p.m.**
-



Matthew B. Mulhollem, Mayor



Kim P. Batten, Town Clerk

