



# City of Graham City Council

## Special Meeting Minutes (Budget Workshop)

### May 20, 2025

The City Council of the City of Graham held a Special Meeting on May 20, 2025, at 10:00 am in the Council Chamber, City Hall Municipal Building, 201 South Main Street, Graham, NC.

#### Councilmembers Present:

Mayor Jennifer Talley - *joined the meeting at 10:44 am*  
Mayor Pro Tem Ricky Hall  
Council Member Bobby Chin  
Council Member Joey Parsons  
Council Member Bonnie Whitaker

#### Staff Present:

Megan Garner, City Manager  
Aaron Holland, Assistant City Manager  
Renee M. Ward, City Clerk

#### CALL TO ORDER:

Mayor Pro Tem Hall called the meeting to order at 10:07 am and presided.

Mayor Pro Tem Hall recognized City Manager Garner to review the recommended budget given to the Council at the May 13, 2025, Council meeting. Since then, the Council has had an opportunity to review the proposed budget, and each would have a chance to discuss and/or ask questions.

#### REVIEW – FY 2025-2026 Proposed Budget

##### **General Fund (Fund 10)**

City Manager Garner stated the current year, 2024/25 General Fund, as initially adopted, was \$20,651,350, and the 2025/26 General Fund budget was proposed at \$22,750,562, an increase of \$2,099,212.

General Fund			
Department	FY 2025-2026 (Adopted)	Manager's Recommendation	Difference
Tourism	\$ 79,000	\$ 79,000	\$ -
City Council	\$ 56,350	\$ 69,500	\$ 13,150
Administration	\$ 798,270	\$ 863,740	\$ 65,470
Information Technology	\$ 560,178	\$ 672,600	\$ 112,422
Finance	\$ 450,642	\$ 500,800	\$ 50,158
Public Buildings	\$ 172,400	\$ 104,900	\$ (67,500)
Police	\$ 6,596,342	\$ 6,786,500	\$ 190,158
Fire	\$ 2,074,465	\$ 2,639,610	\$ 565,145
Inspections	\$ 875,126	\$ 807,700	\$ (67,426)
Traffic Engineering	\$ 28,800	\$ 28,800	\$ -
Streets & Highways	\$ 1,859,226	\$ 2,392,600	\$ 533,374

Street Lights	\$ 206,000	\$ 216,000	\$ 10,000
City Garage	\$ 1,320,506	\$ 1,362,650	\$ 42,144
Sanitation	\$ 1,653,912	\$ 2,048,917	\$ 395,005
Recreation	\$ 1,094,784	\$ 1,115,600	\$ 20,816
Lake	\$ 394,136	\$ 245,145	\$ (148,991)
Athletic Facilities	\$ 404,271	\$ 388,300	\$ (15,971)
Property Maintenance	\$ 935,367	\$ 1,210,900	\$ 275,533
Non-Departmental	\$ 1,091,575	\$ 1,217,300	\$ 125,725
	<b>\$ 20,651,350</b>	<b>\$ 22,750,562</b>	<b>\$ 2,099,212</b>

City Manager Garner directed the Council to the Expenditures tab (Fund 10) in the budget books and reviewed proposed items that made up the increase.

- **Tourism (Occupancy Tax Revenue)**—The second-year estimated revenue is \$79,000. The proposal for the upcoming fiscal year is to hire a Public Relations Specialist to promote Graham, encourage tourism, and the use of City facilities.
- **City Council** – A slight increase to cover the municipal election.
- **Administration** – No capital items and no new positions.
- **IT** – Salary and benefits have been split between the General Fund and the Utility Fund for several years. In the upcoming budget year, the General Fund will cover the full cost of IT personnel-related expenses, which account for the majority of the increase. Capital items include the Citizen Alert Notification System (\$6,100), Backup NAS (\$17,800), Datacove Archiving (\$8,000), WWTP Security Upgrade (\$40,000), and Civic Center Internet (\$7,500). No new positions.
- **Finance** – No new personnel; payroll software will be implemented this upcoming fiscal year.
- **Public Buildings** – Transitioning to a building maintenance person, housed within Property Maintenance under Public Works. This department will manage building maintenance repairs throughout the various City Departments housed within the general fund.
- **Police** – The Police Department is the largest department, both in terms of budget and personnel. A career ladder was established within the police department, with the positions of POII and Corporal to be split into two separate roles. The Police Officer II position would serve as a career advancement opportunity for officers. Two replacement vehicles in the capital and no new positions.
- **Fire** – Funding is proposed to initiate the design of a fire station located at Graham Regional Park. Proposing three additional entry-level firefighter positions per shift, at Pay Grade 16, with no career ladder, and a vacancy would be necessary to advance. Fire Station design (\$50,000), annual hose replacement (\$27,000), Fire Inspector vehicle (\$45,000), and debt service payment for the ladder truck (\$243,465) are also proposed.
- **Inspections** – Busy year, no capital or personnel requests.

- **Transportation** – Consists of the Street Department and two smaller departments (Traffic Engineering and Street Lighting). This department manages 65 miles of road, with an additional five miles nearing completion, requiring the City to begin maintenance. Proposed capital - Tandem dump truck with plow, spreader, and brine sprayer (\$275,000), Linelazer paint sprayer (\$10,000), snow plow for pickup truck (\$9,500), stormwater enhancements (\$190,000), and Public Works parking lot repairs (\$20,000).
- **Garage**—This is the department’s third year in the General Fund. We are doing more in-house maintenance on police cars, except for warranty work. Major expenditures include Fuel Inventories (\$575,000), parts inventories (\$300,000), band saw replacement (\$6,600), and no new positions.
- **Sanitation** – The workload continues to increase each year due to the construction of new houses. Refuse fees are being proposed to increase from \$13.50 to \$14.50 per month. Our existing contract with Republic Services for recycling will have a 3% CPI increase, and fiscal year 2025-2026 will be the third year of our three-year agreement. Capital – Knuckle Boom Truck (\$295,000), debt service for sanitation truck (\$95,000), one new sanitation collector position proposed.
- **Recreation** – No new positions. Capital - aluminum tables for the Recreation Center (\$7,000).
- **Graham-Mebane Lake** – ADA improvements to pontoon boat (\$8,000), no personnel changes.
- **Athletic Facilities** – Previously housed within Recreation, but is to be moved to Property Maintenance under the realm of Public Works: Property Maintenance. Capital – Interior signage at Bill Cooke Park (\$5,000).
- **Property Maintenance** – One new position proposed, which accounts for the majority of the increase within this department. Capital - two stand-on mowers (\$10,000) and AC unit replacement (\$25,000).
- **Non-Departmental Appropriations** – Consists of expenses common to all General Fund departments and interlocal contracts, including other post-employment benefits (OPEB), the General Fund portion of risk management policies, Animal Services, and Economic Development initiatives.

### **Water and Sewer (Fund 31)**

In FY 2020-2021, the City began to appropriate funds to cover the debt service for recent water line projects. Continuing this practice is recommended for FY2025-2026. The most notable capital project on the immediate horizon is the upgrade of our wastewater treatment plant, construction of which is well underway and is estimated to be completed in February 2026. This project’s \$2,700,000 debt service is expected to begin in November 2026. The proposal includes \$500,000 for the utility portion of the NCDOT roundabout project and \$1,300,000 for the replacement of the water line in the Gilbreath Street area.

Proposed Water and Sewer increase by 4%.

Department	FY 2025-2026 (Adopted)	Manager's Recommendation	Difference
Water and Sewer Billing	\$ 675,700	\$ 415,080	\$ (260,620)
Water and Sewer Distribution	\$ 2,819,837	\$ 3,035,480	\$ 215,643
Maintenance and Lift Stations	\$ 314,734	\$ 302,380	\$ (12,354)
Water Treatment Plant	\$ 3,494,354	\$ 3,640,130	\$ 145,776
Wastewater Treatment Plant	\$ 2,265,103	\$ 2,103,307	\$ (161,796)
Non-Departmental	\$ 2,680,172	\$ 3,597,223	\$ 917,051
	<b>\$ 12,249,900</b>	<b>\$ 13,093,600</b>	<b>\$ 843,700</b>

City Manager Garner highlighted some of the main expenditures:

\$25,000 Vehicle replacements, \$20,000 Contracted Services, \$35,000 Elevated tank, \$35,000 Root control, \$50,000 Manhole rehab, \$200,000 CIPP, \$8,000 Tank mixer, \$7,000 Cloud, \$90,000 Boyd Creek, \$5,000 MC 811, \$15,000 Water modeling, and \$500,000 for continuing the meter replacement.

Non-Departmental Fund 10 and 30: The City has contracted with Davenport & Associates to help structure long-term capital and debt maintenance, obtain a bond rating, and better plan for capital and deferred maintenance needs at lower interest rates.

Council Member Chin inquired about long-range plans to upgrade water lines.

City Manager Garner responded we had a 10-year Capital Improvement Plan but no long-term debt system. That is the reason for contracting with Davenport. The City's north side has been the priority, but we needed a more specific plan to tackle those projects and secure funding.

Assistant City Manager Aaron added that what's hurting is the replacement cost compared to what it was several years ago. There are cost savings if we have a two-year plan with funding in place, allowing replacements to be made continuously from one area to another.

Council Member Chin said we needed to begin thinking about bond referendums because maintenance and upgrade costs continue to increase, and this would save on mobilization fees. He also shared that Dr. Ingle with Alamance Community College was interested in a partnership with the fire department.

### **Other Funds:**

- **Cemeteries Perpetual Care Fund** – Established in 2015, the fund ensures the perpetual care and beautification of the City's cemeteries. No appropriations requested.
- **Water & Sewer Capital Reserve Fund** – This serves as a sub-fund of the Water and Sewer Fund, rather than an independent fund. The capital reserve fund accounts for receipts from the System Development Fee level.
- **Asset Forfeiture Funds:** The City operates both a State and Federal asset Forfeiture fund that accounts for assets seized from certain law enforcement activities. Revenues are highly unpredictable, as is the timing of their receipt. Expenditures are regulated by the terms of the agreement with the associated agencies/programs and generally cannot be used to subsidize operating budgets.

Council Member Chin shared that Dr. Ingle with Alamance Community College was interested in a partnership with the Fire Department.

City Manager Garner stated that the City had a good relationship with ACC and a solid foundation in public safety.

Council Member Parsons asked if there were any monies budgeted to purchase property.

City Manager Garner said not in this budget, but the majority of land at Graham Regional was bought with Parks and Recreation Trust Fund (PARTF) dollars.

Mayor Talley entered the meeting at 10:44 am.

Mayor Talley asked the Manager to reach out to the County Manager to possibly help reduce the cost of a Fire substation by partnering with EMS.

### **Pay Plan:**

City Manager Garner reviewed new positions and title changes for career movement:

- Sanitation Worker - pay grade 11 – one new position
- Firefighter –pay grade 16 - three new positions,
- Building Maintenance – pay grades 17, 18, and 20 – career ladder, one new position
- Public Relations Specialist – will be paid with occupancy tax monies, one new position
- Police Officer I and II – career ladder – promotion to corporal will occur when there is a vacancy – no new positions. Does not increase the number of full-time employees.
- Zoning Enforcement Officer I and II – career ladder, no new position.

### **Revenue (Fund 10):**

The City's General Fund revenues are most susceptible to economic fluctuations. The sales and use tax, the City's second-largest revenue source, is particularly volatile as the economy and consumer consumption impact it.

**Ad Valorem Taxes:** Ad valorem is the tax applied to each \$100 of property value as determined by the Alamance County Tax Office. Graham's proposed ad valorem tax rate per \$100 of value would be \$0.3099, a \$0.02 increase from the current year.

Mayor Talley asked for the reason behind the 2-cent tax increase.

City Manager Garner relayed that the City Council discussed the topic at the March 24, 2025, Budget Planning Session, and the Council's consensus was for a 2-cent increase to help offset capital needs.

Mayor Talley asked what the 2-cent tax was being used for.

City Manager Garner shared the increase was dispersed throughout the budget, and the increase would only take care of a little less than half of the capital needs. She added that one knuckle boom truck was \$295,000, and a dump truck was \$275,000, both with a tax rate of one penny. The fire station design would be \$50,000.

Mayor Pro Tem Hall shared he liked how the Manager was consolidating departments to save on costs.

**Investment Earnings** – City Manager Garner shared that the City’s investments were held in various banks, including American National, First Bank, First Horizon, North Carolina Capital Management, Atlantic Union Bank, and Wells Fargo.

**Occupancy Tax** – The City had received three-quarters of the Occupancy Tax revenue and is on target to receive the budgeted amount of \$79,000.

**Permits and Fees** – Staff spent a significant amount of time reviewing current fees and have budgeted for what we are confident of receiving during the budget year.

**Restricted Government** – These revenues include Powell Bill, School Resource Officers, ABC law enforcement funds, and miscellaneous grants. Powell Bill monies must be used on resurfacing City streets. The City receives two Powell Bill payments annually.

**Refuse Fees** - \$1.00 increase from \$13.50 per unit to \$14.50 per unit, with a \$2 tipping fee per ton increase proposed by the County.

Mayor Talley asked what could be done to decrease waste, and what other municipalities are doing?

Council Member Chin shared Greensboro has high fines for improper trash in recycling.

Mayor Talley suggested providing more education on what can and cannot be placed in the trash or recycling cans. She also suggested placing stickers on all cans with a list of items that could not be placed in the trash cans.

**Fund Balance** – North Carolina Local Government Commission recommends that local government maintains an undesignated fund balance in the General Fund of at least 8% of the adopted General Fund budget. Graham had approximately 60% as of the last audited year.

**Debt Set Off** – Staff submits debt routinely to the State, and the City is paid before a state income tax refund or lottery earnings are sent to the citizen.

### **Revenues (Fund 31)**

This fund is operated to account for the activities of the Water and Sewer System. Water and sewer charges account for the largest source of revenue for the fund, at \$11,019,000, or 84% of the total revenues.

Mayor Talley suggested compiling a narrative that includes pictures of water lines being replaced, highlighting the condition of the lines, and a map showing the lines and the age of the pipes.

Council asked for the Cemetery Board to be activated and to advertise for volunteers.

The Council discussed that the County may no longer fund the libraries, except for the May Memorial Library in Burlington.

Mayor Talley asked if the County no longer funded the library, what would that cost be for Graham.

City Manager Garner said it would be more than 2 cents on the tax rate. She shared the City paid for utilities and maintenance, and charges \$1.00 for an annual lease.

Mayor Pro Tem Hall suggested writing a letter to the County Commissioners. He asked if the City could use that building if the County elected not to fund the library. He also stated that no one wants to see the library close.

### **Lunch Break – 12:11pm**

Motion by Mayor Pro Tem Hall to recess for lunch, seconded by Council Member Chin. The motion passed unanimously.

Motion by Council Member Chin to return to open session, seconded by Mayor Pro Tem Hall. The motion passed unanimously. 1:03 pm

City Manager Garner shared the City had just received an email from Ray Hook, Alamance Burlington School System (ABSS), regarding the reduction of School Resource Officer (SRO) funding, and that ABSS was unsure whether it would meet the contractual obligation for SROs, which is \$375,000 annually. Two fiscal years ago, the City added two SROs to be stationed in both elementary schools per ABSS's request.

Mayor Talley shared that if the County did not fund the SROs, the City Council might not be able to fund them, and stated that having them in the elementary schools was unnecessary.

Mayor Talley asked the City Manager to determine how much of the funding would be cut, whether a portion or all of it.

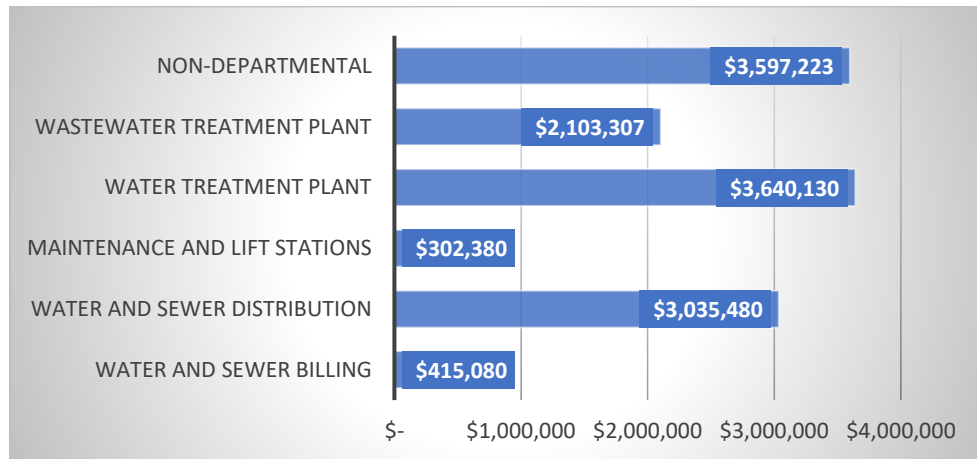
City Manager Garner said she would obtain clarification on the funding, and if the County were to cease funding the five SROs, they would be reassigned to the regular force as vacancies occur.

### **Expenditures (Fund 31)**

This enterprise operation is capital-intensive, requiring constant maintenance, replacement, and upgrading. The enterprise is also subject to significant regulatory oversight, which often entails substantial costs to maintain compliance.

In FY 2020-2021, the City began to appropriate funds to cover the debt service for recent projects and look ahead towards major projects that have a significant financial impact. Continuing this practice is recommended for FY 2025-2026. The most notable capital project on the immediate horizon is the upgrade of our wastewater treatment plant, construction of which is well underway and is estimated to be complete in February 2026. This project's \$2,700,000 debt service is expected to begin in November 2026. The budget proposal includes \$500,000 for the utility portion of the NCDOT roundabout project and \$1,300,000 for the replacement of the water line in the Gilbreath Street area.

## Water & Sewer Departmental Appropriations Illustration



### Rates and Fee Schedule:

City Manager Garner reviewed the following fee changes:

- Re-inspection fees would increase from \$60 to \$100.
- Parking fines would increase from \$10.00 to \$20.00, late payment would be added for each 30 days up to 90 days, and parking over the allowed time would be \$10.00 additional in 2-hour increments.
- Boat Rental fees would be a flat rate of \$15.00 for all boats.
- Sanitation fees would increase from \$6.50 per unit to \$7.50 per unit, per month.
- Water rates would increase by 4%.
- Meter Box – To raise or adjust a water meter box inside a resident \$125, outside a resident \$250. To re-read a meter with no City error, \$10 per re-read.
- Sewer rates increase by 4%.
- Water Meter Fee would increase to \$525.

Council consensus was to add verbiage to the water meter reread stating Meter re-read with no City error or no leak present at \$10.00.

Mayor Talley said she wanted the Police Department to utilize drug funds for as many purposes as possible, such as vehicles, equipment, and training.

### Discussions:

Mayor Talley requested research on whether the Graham Police Department was conducting interdiction on the interstate using license plate readers. She shared the instrument knows how much a vehicle should weigh. She said it could be a significant revenue for the City because 80% of the money confiscated goes to the City and 20% to the Federal government.

City Manager Garner stated she would discuss this with the Police Chief at a later time.

City Manager Garner said most of the CIP items were detailed as she reviewed the individual department budget and unfunded requests.



Mayor Talley suggested increasing the rent for Touch by Angels.

City Manager Garner shared they are paying \$1,750 per month and have been good tenants.

Council Member Whitaker suggested charging rent for the Alamance Arts Council building, which currently pays \$1.00 per year.

Mayor Talley voiced concerns about the budgeted cameras. She said the cameras need to be able to alert someone when they detect a person, and that you should be able to pull video easily when required by the Police Department. Assistant City Manager Holland will find out the capabilities of the cameras.

Council Member Whittaker thanked the City Manager for her work on the budget.

Motion by Mayor Pro Tem Hall to adjourn, seconded by Mayor Talley. The motion passed unanimously.

The meeting was adjourned at 2:38 pm.

*Renee M. Ward, CMC*  
City Clerk