

City of Graham
City Council Special Meeting Minutes
Budget Work Session
June 1, 2026
12:30 PM



The City of Graham City Council continued the special meeting at 12:30 pm on June 1, 2026, in the Council Chamber, City Hall, located at 201 South Main Street, Graham, NC, to review the 2026-2027 budget.

Council Members Present:

Mayor Chelsea Dickey
Mayor Pro Tem Ricky Hall
Council Member Bobby Chin
Council Member Bonnie Whitaker
Council Member Jim Young

Staff Present:

Megan Garner, City Manager
Aaron Holland, Assistant City Manager
Bryan Coleman, City Attorney - *absent*
Bob Ward, City Attorney - *absent*
Renee Ward, City Clerk

CALL TO ORDER: Mayor Chelsea Dickey called the meeting to order and presided.

REVIEW – FY 2026-2027 PROPOSED BUDGET:

City Council continued reviewing and discussing the proposed Fiscal Year 2026-2027 budget.

City Manager Garner shared the follow-up summary from questions at the May 20, 2026, budget work session meeting.

**Budget Work Session Follow-Up
Year-to-Year Comparisons**

General Fund			
Department	FY 2024-2025 (Adopted)	FY 2025-2026 (Adopted)	Manager's Recommendation
Tourism	\$ 79,000	\$ 79,000	\$ 100,159
City Council	\$ 56,350	\$ 69,500	\$ 119,496
Administration	\$ 798,270	\$ 863,740	\$ 938,321
Information Technology	\$ 560,178	\$ 672,600	\$ 675,116
Finance	\$ 450,642	\$ 500,800	\$ 531,750
Public Buildings	\$ 172,400	\$ 104,900	\$ 105,900
Police	\$ 6,596,342	\$ 6,786,500	\$ 7,566,251
Fire	\$ 2,074,465	\$ 2,639,610	\$ 3,100,895
Inspections	\$ 875,126	\$ 807,700	\$ 887,618
Traffic Engineering	\$ 28,800	\$ 28,800	\$ 28,800
Streets & Highways	\$ 1,859,226	\$ 2,392,600	\$ 2,094,579
Street Lights	\$ 206,000	\$ 216,000	\$ 216,000
City Garage*	\$ 1,320,506	\$ 1,362,650	\$ 1,374,367
Sanitation	\$ 1,653,912	\$ 2,048,917	\$ 1,955,309
Recreation	\$ 1,094,784	\$ 1,115,600	\$ 1,329,823
Lake	\$ 394,136	\$ 245,145	\$ 265,213
Athletic Facilities	\$ 404,271	\$ 388,300	\$ 425,657
Property Maintenance	\$ 935,367	\$ 1,210,900	\$ 1,394,296
Non-Departmental	\$ 1,091,575	\$ 1,217,300	\$ 4,607,765
	\$ 20,651,350	\$ 22,750,562	\$ 27,717,315

Utilities Fund			
Department	FY 2024-2025 (Adopted)	FY 2025-2026 (Adopted)	Manager's Recommendation
Water and Sewer Billing	\$ 675,700	\$ 415,080	\$ 420,945
Water and Sewer Distribution	\$ 2,819,837	\$ 3,035,480	\$ 4,340,971
Maintenance and Lift Stations	\$ 314,734	\$ 302,380	\$ 358,336
Water Treatment Plant	\$ 3,494,354	\$ 3,640,130	\$ 3,886,601
Wastewater Treatment Plant	\$ 2,265,103	\$ 2,103,307	\$ 2,568,495
Non-Departmental	\$ 2,680,172	\$ 3,597,223	\$ 4,774,741
	\$ 12,249,900	\$ 13,093,600	\$ 16,350,089

Drug Funds

Federal: Carryover \$103,918.43; Current Balance \$108,265.50

State: Carryover \$22,524.41; Current Balance \$15,524.41

Changes from budget work session:

Governing Body (10-4100)

- 1100 (telephone/postage), reduced by \$1,500
- 1400 (travel), reduced by \$2,000

Total \$3,500

Information Technology (10-4300)

- 4500 (contracted services), increased by \$27,000

Total \$27,000

Recreation (10-6200)

- 7400 (capital outlay equipment), decreased by \$60,000 pending community survey; to be considered for a mid-year budget amendment dependent upon survey results.

Total \$60,000

Follow-up responses:

- Sales tax collected year to date - \$6,882,935.02
- Development fees year to date - \$589,470.44
- Davenport year to date - \$77,299.84
- 10-6200 – Recreation - Haw River Coordinator portion is \$5,000 of the proposed \$20,000 allocation. Remaining funds (\$17,000) are for athletic officials.

- Retirement expense increase – it is unlawful to contribute more than the statutorily required amount.

Mayor Dickey shared that other towns were contributing more to employee retirement. She asked for the statement from Orbit.

- Updated suppressor quotes – this item was removed from the manager's FY27 recommended budget
- Tree lighting costs \$7,000 - \$4,500 for fireworks and \$2,500 for sound equipment.

- Jon boat rental fee -the majority of local jurisdictions have daily rentals, and the State does hourly rentals.

Council Member Whitaker asked if the rates needed to be adjusted.

Council Member Young suggested \$5 for each.

Mayor Pro Tem Hall said he was okay with increasing \$5 for each.

Council Consensus was to raise the rate from \$15 to \$20 for Jon boats, canoes, solo kayaks, and tandem kayaks.

- Design work for phase 1 of Graham Regional - \$2,312,294 – for the Northeast quadrant

Council Member Young noted that Mayor Pro Tem Hall had suggested putting that money towards the new fire station. He said the fire station was more important and a necessity.

Mayor Dickey suggested keeping it there since we had a funding mechanism, and it would not slow down the fire station.

Mayor Pro Tem Hall stated it would be less money the City would have to borrow.

Council consensus was to redirect the \$2.3 million towards the fire station. Mayor Dicky said no.

- Maximum returned check fee is \$35 ([NCGS 25-3-506](#)). The existing fee schedule states \$25. Council consensus was to change it to \$35.
- Fee schedule, page 15, strike out “weekly.”
- Chamber of Commerce stated a hotel study would cost approximately \$70,000 and would require the city to contract with an outside firm. This would take time and money, but would provide more substantial data. The other option that was suggested involved the city identifying areas where the city wants a hotel to be, and negotiating the purchase of that land for advertisement with national brands. This option comes with tremendous risks, as interests may not be available and property could sit for years.
- True cost of sanitation – Using the last completed fiscal year (2024-2025), the cost per house per month for solid waste, yard waste, bulk brush, bulk/junk pick-ups, and street sweeping was \$15.70 per can, excluding recycling costs. This amount has varied year-to-year between \$15 and \$22 due to fuel costs, tonnage, capital, repair costs, and storms that generate significant amounts of yard waste. Per NC DEQ 2023-2024 solid waste fee subset report for Graham, comparing 30 peer municipalities, solid waste fees averaged \$248.82 per year (\$20.74 per mo.). Only two municipalities in the report had lower fees than Graham (Mebane and Reidsville); however, their penny tax value and tax rate bring in more ad valorem revenues significantly higher than Graham.

Mayor Pro Tem Hall suggested moving closer to the actual cost of trash pickup. Suggested a \$10 to \$11 increase.

City Manager Garner noted any amount that gets us closer to the actual cost would be less subsidy from other revenue sources.

Mayor Dickey said she was comfortable with \$10.

Council consensus was to increase sanitation pick up from \$7.50 to \$11.00. Mayor Dickey said no, that she would rather increase it to \$10.

Downtown / Residential Sanitation:

The average pounds per cart per week for residents is around 40 pounds, for a little over 1 ton per year per house.

The average pounds per cart per week downtown is 112 pounds per cart (56 pounds per cart per service) for the last 6 months. This is around 2.92 tons per year per cart in the B-1 district.

Residential trash service is provided by an automated truck with one employee operating and servicing around 100 carts per hour. Downtown is serviced with a rear-loading truck with 2 employees at around 50 carts per hour. The collection cost per cart is close to triple that of residential carts.

Businesses outside of the B-1, providing they can be accommodated while we are running a residential route, may have one cart serviced once per week, and it has to be set out to ROW the day of service for collection by an automated truck.

Mayor Pro Tem Hall suggested \$14 per can.

Council consensus was to charge \$14 per can in the B1 district.

- **Development fee comparison**

Council discussed the following development fees. Changes agreed upon are reflected in red.

Development Fee Type	Graham	Burlington	Mebane	Gibsonville
Major Subdivision Preliminary Plat	\$10 \$20 Per lot (\$200 Min)	\$500 + \$40 per lot	\$25 per lot	\$10 per lot
Preliminary Commercial Review	\$0	\$0	\$10 per 100 square feet	\$0
Preliminary Industrial Review	\$0	\$0	\$10 per 1,000 square feet	\$0
PUD Request	\$5 per acre (\$200 min, \$500	\$1,000	\$0	\$0
Rezoning	\$200 \$300 flat fee	\$750	\$300 per property	\$200
Conditional Rezoning	\$300 flat fee	\$1,000	\$300 per property	\$0
Special Use Permit	\$300 \$400 flat fee	\$500	\$400 per property	\$200
Major Subdivision Final Plat Review	\$50 \$125 flat fee	\$200	\$300 + \$25/lot	\$150
Minor Subdivision Final Plat	\$25 \$75 flat fee	\$200	\$50 + \$25/lot	\$75
Exempt Subdivision Final Plat	\$25 \$50 flat fee	\$100	\$50	\$0
Variance Request	\$300 flat fee	\$500	\$300/\$400 (residential/nonresidential)	\$200
Non-Residential Site Plan TRC Review Fee (1st and 2nd review)	\$250 \$350	\$500	300 + Unit Fee	\$0

Non-Residential Site Plan TRC Review Fee (3rd and up review)	\$100 \$150	\$300	\$0	\$0
TRC Unit Fee (Mebane)	\$0	\$0	\$0 per dwelling on sites less than 2 acres \$25 per dwelling unit on 2-10 acres. \$50 per dwelling unit on greater than 10 acres	\$0
Annexation	\$250 per request	\$300	\$0	\$0
Administrative Amendment to Council-Approved Plans	\$100 flat fee		\$0	\$0
Wireless Telecommunications Facility	\$500 legal review fee in addition to other applicable fees (special use, etc.)	\$0	\$100 for 1-5 facilities; \$50 for 6-25 facilities; \$500 for engineer review	\$0
Fire Flow Test Fee	\$1,200	\$0	\$1,300	\$0
Zoning Re-Inspection	\$0	\$0	\$50 after first inspection	\$0
Site Development/Right of way Re-Inspection	\$350 for 1st, \$700 for 2nd, \$1050 for 3rd, etc. \$350	\$0	\$0	\$0
Development Ordinance Book (Printed or Flash Drive)	\$20 flat fee	\$150	\$0	\$0

Development Fee Type	Graham	Burlington	Mebane	Gibsonville
Future Land Use Plan Printed	\$0 \$25	\$40	\$0	\$0
Major COA Application	\$0 \$10	\$100	\$0	\$0
Notice of Appeal	\$0	\$300	\$300/\$400 (residential/nonresidential)	\$0
Temporary Use Permit	\$0 \$25	\$50-\$100	\$0	\$0
Local Historic Landmark Designation	\$0	\$350	\$0	\$0
Development Ordinance Text	\$0	\$350	\$0	\$0
Zoning Letters (Verification, Determination, Certification)	\$0	\$75	\$25	\$25
Fence Permit	\$0	\$75	\$0	\$25
Zoning Permit	\$60 new business inspection to the inspections department	\$50	\$50	\$25
Sign Permit	\$60 per sign to the inspections department	\$52 for first \$1000 valuation of construction. \$7 per \$1000 up to \$100,000. \$6 per \$1000 over \$100,000	\$60 minimum; \$80 if 100-300 sq ft. \$110 if >300 sq ft.	\$25
Future Land Use Plan Amendment	\$0	\$350	\$0	\$0
City ROW or Easement Encroachment Agreement	\$0	\$0	\$100	\$0
Construction Plan Review Residential	\$0	\$0	\$50 per lot	\$0
Construction Plan Review Non	\$0	\$0	\$300 per lot	\$0

Inspection Fees:

- Fee schedules for surrounding jurisdictions were evaluated and compared to our current rate. It was determined that an increase in our minimum permit fee from \$60 to \$75 would be the only adjustment needed. This would bring us in line with both Burlington and Alamance County while only slightly above Mebane (Mebane's current minimum rate is \$60). Council agreed to keep it at \$60.
- It has also been recommended by the Inspections Director to add the following clarifying language for renewal of expired permits:
 - The fee for the renewal of expired permits within 180 days of expiration shall be 50% of the original permit fee. Expired permits beyond the 180 days will be required to resubmit for a new permit at full cost. Council agreed.
- COLA index

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended Apr. 2026
	Oct. 2025	Nov. 2025	Dec. 2025	Jan. 2026	Feb. 2026	Mar. 2026	Apr. 2026	
All items	-	-	0.3	0.2	0.3	0.9	0.6	3.8

Mayor Dickey asked the City Manager to forward the full report from the COG. City Manager Garner noted the report had been sent to Council in advance of the meeting.

Future Action Items

- Consider mid-year budget amendment for Marshall Street playground equipment (dependent on survey results).
- Remove restrictions on façade and beautification grants once new guidelines are in place; the \$15,000 for each remains budgeted but unable to be spent.
- Reconsider parking ticket structure for multiple offender fee schedule revisions once new software has been implemented.

Council Discussions:

Mayor Dickey stated she had about 10 to 15 questions that had not been answered.

- Asked for the increase in salary from those going from pay grade 29 to 30 and asked why they were moving up a step, as it had not been explained. City Manager Garner noted the Mayor was incorrect that she had shared with the whole Council what staff had detected during the implementation of the certification plan and the education policy that it had created compression among employees and supervisors who were either leapfrogging the department head or getting so close that there was basically zero incentive to be a leader of a department. She noted she would send that dollar amount to the whole Council.
- Asked for the unassigned fund balance total. City Manager Garner stated it is in the last audit report presented to Council.
- Asked if there were any other non-profits the City was funding. City Manager Garner stated she was

not aware of the City funding any non-profits.

- Asked for the mileage from the Inspections Department vehicle proposed for replacement. (17 years old – mileage 84,000).
- Asked for the account the investment funds were sitting in. City Manager Garner stated a financial report would be uploaded to SharePoint in the next few days.
- Asked about replacing the library roof and placing it back into the budget. Council Member Whitaker noted Council had not officially assigned any budget amount and that it would be revisited at a later time as a possible budget amendment.
- Asked about the water fee development schedule that would be presented by Hazen and Sawyer and asked for the slides in advance.
- Asked if the City Manager followed up with the County Commissioners for SRO increases. City Manager Garner stated it was ABSS, not the County Commissioners, and the \$10,000 proposed was far from being definitive, and we would probably not know until after the Council had adopted the budget.
- The Mayor asked for what was spent in Legal and Engineering, to include any City Council consulting fees, such as Davenport.

Council Member Young asked if he was the only one who received an email from the City Manager asking them to email any questions before the budget work session, and she would have them answered before the budget work session. He noted he took advantage of that, and the City Manager had answered all his questions and asked why Mayor Dickey could not have emailed all these questions to the City Manager to answer.

Mayor Dickey stated that most of her questions were discussed at the last meeting, and she had talked to the Manager earlier, and that a report was not emailed, and she would go through the questions from last week.

Council Member Whitaker asked if these questions would impact her approval of the budget or just things she would like to know.

Mayor Dickey stated it was really good context to have, especially as a newly elected official, and it was also a big part of their job to pass the budget. She said understanding all the moving pieces was something she wanted to acknowledge and fully comprehend.

Council Member Whitaker stated again that we were told to email our questions, and everyone did, but you.

Council Member Chin stated that the past two years, the audit of the City's books was an indication of how well the City was operating, and that should have answered her questions. He stated in his mind the Mayor was asking questions as though to find a "gotcha."

Mayor Dickey stated she had a few more questions. She stated she talked last time about the Police Benevolent Association and their desire for family health benefits and affordability. She asked if staff could do a survey about how many individuals would take advantage of this and what it would look like to offer a flat dollar rate or offer an HSA to our employees. She stated that we want our employees to live and work in Graham and be able to thrive on what we are providing them. She stated she was interested in furthering this conversation, especially what it would look like to help alleviate some of the burden with the health benefits for employee families.

City Manager Garner stated that she mentioned this last time and would stress it again, that any employee who has a dependent, a spouse, or family would automatically assume 100%, and she would not want to survey employees and ask for interest when we have zero funding mechanisms for. She stated the cost for this would be significant, and we would be asking the taxpayers to cover it. She also said he would also hate for employees to think this was a possibility and for us to come up at the end and determine it is too costly and could not fund it. She further stated that we, as staff and department heads, would be left to try to manage the effect that it would have on internal staff and resources.

Mayor Dickey asked if this was a conversation we could start with the NCHIP representative to see if those rates could be brought down.

City Manager Garner stated we have had those conversations, and until we have a healthier workforce and get our claim data down, we do not have room, unless we want to weaken the plan. We could not offer an HSA until we had what they call a high-deductible plan, which we have already explored, and at the end of the day, it would end up hurting employees who make less because they would have a higher deductible and would see the incentive to join the HSA, but they would end up paying more out of pocket. She noted they have had conversations with employees who have brought this forward to help them understand what it would look like.

Mayor Dickey asked if we could provide a stipend as low as \$100 a month for something like that.

Council Member Chin inquired why we are throwing out any type of stipend, because that would be money taxpayers would have to pay, and instead of talking about adding stipends, let's address the budget. He stated she was tinkering with the health plan that we have only had for a few years.

City Manager Garner shared that staff looks at making improvements on a yearly basis, and we have to be locked in by February for the upcoming fiscal year. She shared this was the fourth year in NCHIP, North Carolina Health Insurance Pool, which had significantly reduced annual premiums from 20+% increases each year before going with NCHIP. She stated this had lessened the amount we would be paying every year for health insurance. Those savings were very quickly eaten up by the higher cost of doing business. She stated if the City had not switched to NCHIP, she was not sure what the tax rate would be, but highly unlikely to be what it is today.

Mayor Dickey stated it was a bigger conversation, but wanted to get ahead of it for the coming years.

City Manager Garner suggested that a funding source be identified before tying up a lot of resources, and employees who are watching this today are tuning in to the fact, and it would now be difficult for us to manage. She noted these were great ideas, but there is no way to fund them.

Mayor Dickey said it would be helpful for her to know what that significant number would be and asked if this was a funding source she needed to go out and start researching.

City Manager Garner asked if this was a consensus of the Council to work on providing the impact that would be. Council consensus was no. 4-1.

Mayor Dickey asked for the Hazen and Sawyer presentation as soon as possible.

ADJOURNMENT

Motion by Mayor Pro Hall to adjourn, seconded by Council Member Chin. The motion passed unanimously.

The meeting was adjourned at 2:11 p.m.

Renee M. Ward, CMC
City Clerk