

Stoneville Town Council
Special Meeting Minutes – Budget Session
April 15, 2025
6:00 PM – Council Chambers

Special Meeting – Budget Session

Present were Mayor Kathy Stanley-Galvan, Council members Curt Bennett, Henry Thornton, Johnny Farmer, Lee Shelton, and Daisy Smith. Also present were Town Administrator Michael Sands, Finance Officer Shannon Tucker, Town Clerk Deleia Hutcherson, Police Chief Rebecca Dixon, Public Works Director Byron Curry, Fire Chief Joel Freeman, and Town Attorney Eugene Russell.

Welcome: Mayor Galvan welcomed everyone and called the meeting to order at 6:00 p.m.

Councilman Thornton made a motion to approve the meeting agenda for April 15, 2025. Councilman Shelton seconded. Motion carried unanimously.

Mayor Galvan turned the meeting over to Town Administrator, Michael Sands.

Mr. Sands emphasized the work session would focus on budget planning, utility rate study, and fee schedule review. He stated staff would like to gather input from the Council on necessary revisions before drafting a balanced budget.

Topics for Discussion:

- 1. General Budget Review and Budget Ordinance** – Administration presented a budget reflecting full departmental requests. Based on projected revenues of \$1.9M and projected expenditures of \$2.3M for the 2025/2026 fiscal year, the General Fund would reflect a deficit of approximately \$400,000. Water and Sewer would reflect a deficit of approximately \$300,000. Total cuts needed are approximately \$700,000. It was the consensus of the Council to avoid blanket cuts without reviewing department-specific needs. Staff will review departmental requests for possible reduction areas and propose a balanced budget prior to the next work session. It was the consensus of the Council to appoint the Town Administrator as the Budget Officer for the upcoming 2025/2026 fiscal year and update the Budget Ordinance accordingly.

Salary Lines – A request was made by Council to separate part-time and overtime salaries in all departments into distinct budget lines for transparency. The Finance Officer will create dedicated line items for each department as requested.

Administration – Capital Outlay item of \$30,000 added for a complete review and rewrite of our general ordinances. The line item for the copier lease was discussed and staff was asked to review the contract for clarification on the lease arrangement.

Fire Department – Chief’s salary remains at \$7,175. Councilman Farmer confirmed with Chief Freeman that the wish list he provided for his budget did not include a request for a full-time Fire Chief and he was satisfied with the requests he made at the budget retreat. Chief Freeman confirmed he was happy with his budget wish list.

Proposed part-time firefighters hourly rate increase from \$16 to \$19 and fire calls proposed increase from \$15 to \$20 per call.

Current budget includes \$10,000 allocation for outsourced county fire inspections. There was discussion around the potential to use existing part-time firefighters for inspections instead, with increased pay of \$23/hour for inspection duties (compared to \$19/hour base). This would be an estimated cost savings of \$4,000–\$5,000. Town Attorney, Eugene Russell suggested implementing an official policy or SOP outlining inspector duties, compensation and scheduling expectations. The Council favors internal inspections for better oversight and accountability. Finalize inspection arrangement (county vs in-house) by May 6.

Police Department – Salaries increased approximately \$84,000 overall (Chief, Captain, 3 full time officers and 1 SRO). K9 program added and funded by donations; expenses expected to be \$2,000 annually. VC3 IT contract is under review; McMichael grant will continue being used for technology upgrades. Capital outlay set at \$20,000 to support vehicle and equipment replacement.

Public Buildings – Added line item for annual generator service contract \$5,600. A Rural Economic Grant is being pursued for repurposing the old bank building (potential \$300,000 grant with \$15k local match). A placeholder is in the proposed budget for the match. A resolution for the grant will be presented at the May 6th meeting.

Governing Board - \$6,300 election expense included for the November election. There was discussion on providing councilmembers with work cell phones. Staff was directed to survey other local towns on providing phones to elected officials.

- 2. Utility Rates for fiscal year 2025/2026** – Rural Water presented a proposed 5-year phased utility rate increase plan that is necessary to address ongoing revenue gaps in the water/sewer fund. Their proposal was more aggressive and called for higher increases on the front in. The Town Administrator reviewed the proposal and is recommending a more gradual rate increase of 25% each year. This plan will still bring us out of the deficit by year 5 and is the best option for our citizens. It was the consensus of the Council to move forward with this increase. They directed staff to clearly communicate the changes to the public in the budget message and at upcoming public meetings. The rate increase will be noted in the budget presentation and ordinance. The full rate chart increase for the 5-year plan is shown below:

			Year 1 7/1/25	Year 2 7/1/26	Year 3 7/1/27	Year 4 7/1/28	Year 5 7/1/29
% of Increase			25%	25%	25%	25%	25%
1500 gallons	Inside	\$18.32	\$22.90	\$28.63	\$35.78	\$44.73	\$55.91
	Outside	\$31.50	\$39.38	\$49.22	\$61.52	\$76.90	\$96.13
Over1500 gallons per 1000							
	Inside	\$9.16	\$11.45	\$14.31	\$17.89	\$22.36	\$27.95
	Outside	\$15.75	\$19.69	\$24.61	\$30.76	\$38.45	\$48.07

3. Fee Schedule for fiscal year 2025/2026 – Various fee increases were proposed for the 2025/2026 fee schedule. It was the consensus of the Council to move forward with the proposed increases and present the fee schedule with the preliminary budget at the May 15th special meeting for the budget presentation.

Public Comments: None

The Council directed staff to rework the budget based on recommendations from this meeting and to bring back a balanced budget for discussion when the meeting is reconvened.

Councilman Thornton made a motion to recess the meeting until April 29, 2025, at 2:00 p.m. in the Council Chambers located at 101 Smith St. Councilwoman Smith seconded. Motion carried unanimously.

Meeting recessed at 9:07 p.m.

(April 29, 2025 – 2:00 p.m.) Councilman Thornton made a motion to come out of recess. Councilwoman Smith seconded. Motion carried unanimously.

Mr. Sands presented a balanced budget. The proposed budget includes:

- 5% maximum salary adjustment across departments:
- 2.5% Cost-of-Living Adjustment (COLA) effective July 1, 2025.
- Up to 2.5% merit-based raises tied to employee anniversary dates/annual reviews.
- A use of approximately \$39,000 from fund balance, consistent with prior years, to balance the general fund.

Council Budget Discussion:

- The council inquired about the total cost impact of a 2.5% COLA increase across departments. Councilman Farmer made a proposal to increase COLA to 5%. (Raising COLA from 2.5% to 5%) and consider pulling the cost from fund balance. Discussion highlighted the importance of consistent and predictable raises for employee morale.

Part-Time Pay for Fire and Police Departments – Mr. Sands clarified that part-time fire employees were budgeted for an 18% hourly rate increase, bringing their pay closer to market averages rather than the standard COLA. The Council raised the issue of equity between full-time and part-time staff compensation and discussed the need to apply COLA adjustments to all personnel categories, including part-time and volunteer staff where applicable.

Discussion on Part-Time Police Department Compensation – Councilman Shelton inquired specifically whether part-time police officers would receive comparable increases to their fire department counterparts. Mr. Sands confirmed that part-time police were not explicitly budgeted for a raise, but that could be added. There was no objection from the Council moving part-time officers and part-time administrative assistant to \$17. Several Councilmembers expressed concern that failure to address this would create internal inequity, especially since part-time officers fill critical operational gaps. A consensus formed to adjust part-time police wages upward, in line with fire department part-time increases, and to embed a consistent pay policy across all departments going forward.

Road Paving and Infrastructure Funding - Mr. Sands outlined the current Powell Bill allocation of \$200,000 for road repairs. The Council expressed concern that the funding level was insufficient to address critical paving needs and proposed allocating an additional \$250,000 from fund balance for road improvements. This will allow approximately \$450,000 to act on a pending road condition study and commence paving efforts before the next fiscal year-end.

Depreciation in Water & Sewer Budget – The Council questioned whether depreciation expenses are reflected in the water and sewer budgets. Mr. Sands confirmed that depreciation is not included, per direction from the town's auditors. He stated only cash-based expenditures are required in the budget.

Fund Balance and Account Reporting – The Council requested actual line-item revenue reports for the General Fund and Water/Sewer Fund prior to the next meeting as well as all bank account balances prior to the next meeting. They asked that staff provide this on a monthly basis for full transparency.

Public Works and Departmental Equity – The Council discussed the critical contributions of the Public Works Department and noted that Public Works staff have historically had lower pay relative to their workload. The Council agreed this disparity should be reviewed for long-term correction, potentially in the next budget cycle.

Police Department: The department is fully staffed and experiencing reduced overtime. A new School Resource Officer (SRO) role is included in the budget - 83% funded by the school district. The Police Chief requested early approval to begin sourcing two black vehicles (preferably Dodge Durangos) to replace older vehicles. The Council was supportive, noting the following: this would allow time to locate suitable vehicles, final financing would be included in FY25-26 and not FY24-25, municipal financing options would be explored once inventory is located.

Budget Consensus - Council reached general consensus on the following: Increase COLA to 5% for all staff, apply pay increases to part-time personnel, including police and fire. Allocate \$250,000 from fund balance for road repairs. Adjust salary lines to reflect these decisions.

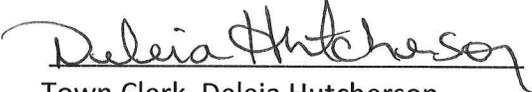
- Total estimated use of fund balance: \$280,000.
- Staff directed to prepare updated budget documents reflecting changes for presentation at the May 15, 2025 meeting.
- Budget is expected to be formally adopted in June, following a public hearing.

Motion to adjourn the meeting made by Councilman Thornton. Councilman Shelton seconded. Motion carried unanimously.

Meeting adjourned at 3:15 p.m.



Mayor, Kathy Stanley-Galvan



Town Clerk, Deleia Hutcherson

