

Town of Spring Lake  
Special Meeting of the Board of Commissioners  
Municipal Building  
300 Ruth Street  
Spring Lake, NC 28390

April 11, 2026

**MINUTES**

9:00 am

The Spring Lake Board of Commissioners held a Special Meeting in the Grady Howard Conference Room of the Spring Lake Municipal Building with Mayor Kia Anthony presiding.

**Board Members Present:** Mayor Pro Tem Fredricka Sutherland  
Commissioner Tony Burgess  
Commissioner Jackie Jackson  
Commissioner Adrian Thompson

**Board Members Absent:** Commissioner Soñia L. Cooper

**Others Present:**

Carly Autry, Town Clerk  
Dennis English Jr., Interim Town Manager  
Chuck Epps, Street Sanitation Supervisor  
Elizabeth Gray, HR Manager  
William Heckstall, Maintenance Technician  
Stephanie Hutchins, Building Inspector  
Police Chief Errol Jarman, Spring Lake Police Department  
James Overton, Finance Director  
Fire Chief Jason Williams, Spring Lake Fire Department  
Steve Wing, Building Superintendent

**1. CALL TO ORDER**

Mayor Anthony declared a quorum and called the meeting to order.

**2. INVOCATION AND PLEDGE OF ALLEGIANCE**

Commissioner Thompson gave the Invocation and led the Pledge of Allegiance.

**3. OPEN SESSION – Budget Retreat**

The Budget Retreat commenced with Mr. English explaining the purpose of the meeting, emphasizing that this was not a meeting to approve the Budget for fiscal year 2027, but rather an opportunity for the Board to ask questions and receive information about the proposed budget. Mr. English encouraged department heads to actively participate in discussions rather than making formal presentations, noting that the majority of the budget consists of police and fire department expenses. Mr. English requested that department heads speak up and advocate for their budget items as presented the previous day, emphasizing the need for dialogue rather than lengthy presentations.

Finance Director James Overton then began presenting the budget overview, first showing previous years' budget documents from 2021, 2022, and 2023, noting that each year the budget documents had become thinner, with the 2021 budget being over 400 pages and declaring such lengthy documents unnecessary and wasteful.

### **TOTAL PROPOSED BUDGET OVERVIEW**

Mr. Overton presented the total proposed budget for all funds combined at \$18 million. Mr. Overton explained that this represented a decrease from previous years due to several factors: the absence of a note from Truist and the completion of an \$800,000 contract with Highland Paving for street resurfacing, with only about \$400,000 remaining. Mr. Overton noted these two (2) items accounted for the decrease in the General Fund.

Mr. Overton detailed another significant decrease in the Sanitation Fund from \$1.2 million to \$900,000, explaining that the Town had purchased a \$258,000 garbage truck and large dumpsters in the previous year's budget. The Water Fund remained approximately the same, and a new Capital Reserve Fund was introduced where money would be set aside for future equipment and vehicle purchases to avoid borrowing.

### **GENERAL FUND REVENUE ANALYSIS**

Mr. Overton presented the General Fund with total estimated revenue of \$9 million. Property taxes comprised 55% of total revenue at approximately \$5 million. Mr. Overton explained that in prior years, property tax was not the largest revenue source, but due to changes in sales tax distribution from per capita (population-based) to ad valorem (property value-based) allocation, the Town now receives 1% instead of 2% of County sales tax. The property tax rate was raised to offset this loss, making the Town's revenue structure more typical with property taxes as the highest revenue source.

Other significant revenue sources included other taxes and licenses, which encompassed a 1.5% tax and a \$5 tag fee for annual vehicle registration. Permits and fees consisted mostly of inspection fees, with a small amount from ABC permits.

### **CUMBERLAND COUNTY FIRE CONTRACT**

Mr. Overton announced new revenue of \$647,000 from Cumberland County for reopening the Manchester Fire Station and providing service to the County district. Mr. Overton noted that while Cumberland County had agreed to this amount, the final contract had not yet been received in writing. This contract represented 7% of the budget.

### **INTERFUND TRANSFERS**

Mr. Overton explained that Interfund transfers from other funds totaled significant amounts, where the Water Fund, Stormwater Fund, and Sanitation Fund reimburse the General Fund for their share of administrative expenses including Governing Body, Finance, Human Resources, IT, and Public Buildings.

## **GENERAL FUND EXPENSES**

Mr. Overton explained that property tax remains the Town's largest source of revenue, followed by distributions from the North Carolina Department of Revenue, including sales and franchise taxes, with additional funding coming from transfers and other sources. He noted that Powell Bill funds account for approximately 4% of the budget, while the Cumberland County Fire contract represents about 7%.

He emphasized the importance of finalizing and executing the Fire contract, stating that the anticipated \$647,000 in revenue is critical. Without it, significant reductions to the budget would be necessary, as those funds support a substantial portion of planned expenditures.

Mayor Anthony inquired about a discrepancy in reported revenues, noting that the Town's figures appear approximately \$28,000 higher than those reported by Cumberland County, and asked if this difference pertained to property tax revenues. Mr. Overton explained that the County's figure likely reflects current-year collections only, whereas the Town's total may include several thousand dollars in back-year tax collections. He further noted that an additional \$40,000 in revenue was received from the County after the preparation of the presented slides.

Mr. Overton detailed that the largest expense category was police and fire or public safety and inspections, representing the majority of the \$9 million budget. The next largest expense was general government, which included Governing Body, Finance, Town Manager, Human Resources, Public Buildings, Tax Collection, Legal Fees, and Information Technology departments.

Streets and Powell Bill represented the third (3<sup>rd</sup>) largest expense category. Economic development, primarily planning services, had been restructured. Mr. Overton explained that the County was currently providing planning services, with Stephanie Hutchins and Casey Noble handling zoning permits and inspections. Their salaries were included in the Inspections department, leaving only payments to the County in the Planning and Zoning department budget.

## **PARKS AND RECREATION DISCUSSION**

Regarding Parks and Recreation, Mr. Overton explained that the Town receives \$4,000 annually from an Arts Council Grant, with an additional \$75,000 requested by Cumberland County as a match for Capital Improvements Grant they were applying for. Mr. Overton noted that Cumberland County manages Parks and Recreation and would manage this Grant, with the Town's contribution serving as the required match.

Commissioner Jackson asked that if the City (Fayetteville|Cumberland County) is taking over Parks and Recreation, why the Town is contributing funds toward those services. Mr. Overton explained that the funding in question is related to a Grant application for capital improvements, some of which would be utilized within the Town. He stated that a \$75,000 local match is being requested, and that the City (Fayetteville|Cumberland County) will continue to manage Parks and Recreation operations as well as administer the Grant. The Town's contribution represents its required match for participation in the Grant.

Mr. English requested that Michael Gibson be brought in to explain the Grant details, emphasizing the need for clarity on the County's philosophy regarding fund distribution and the Town's position if it became its own Parks and Recreation enterprise.

Commissioner Jackson requested clarification regarding the current arrangement for the Recreation Center, specifically expressing concern that the Town is responsible for covering expenses while another entity may be receiving the associated revenues. She noted that this was his understanding and asked for a detailed explanation to ensure clarity on how costs and revenues are being managed.

Mayor Anthony provided an update regarding the Recreation Center arrangement, explaining that while the Town retains ownership of both the land and the building, Cumberland County manages the facility's operations. She noted that the County is responsible for all staffing, programming, maintenance, and capital improvements, and in turn collects any associated programming fees. Mayor Anthony described the arrangement as comparable to a rental agreement, with the County effectively operating the facility on the Town's behalf. She further explained that, as part of the Cumberland County Parks and Recreation Tax District, the County also contributes toward the debt service on the building. Additionally, Mayor Anthony stated that the Town retains the option to withdraw from the tax district; however, doing so would require the Town to assume full responsibility for all operational costs, including staffing, programming, and maintenance. She emphasized that the Town joined the district due to the financial burden of independently sustaining those services.

Mr. Overton presented detailed property tax information, noting that property values in Spring Lake had increased approximately 50%. The recreation tax remained at 5 cents, which would have resulted in a 60% increase in revenue for Cumberland County from Spring Lake citizens due to increased property values. Mr. Overton explained that the Town had passed a Resolution requesting the County use this additional revenue to pay rent on the Recreation Center, with the annual payment being approximately \$131,000. However, Mr. Overton believed this Resolution would not be approved by the County.

Mayor Anthony stated that her perspective differed, noting that the initiative originated with the County, which brought the proposal forward to the Town. Mr. Overton explained that the County's intent was to use the funding to provide additional recreational activities and services. He noted that the Town's position has been that, regardless of whether the funds are used for programming or to offset building-related costs, the revenue is generated from Spring Lake residents and should be reinvested within the community rather than utilized in Fayetteville. He further stated that some County Parks and Recreation staff were previously unaware of the existing lease arrangement and that it remains unclear how the County will ultimately allocate the funds. As a result, he advised that the anticipated \$130,000 payment was not included in the Town's budget and could be considered by the Board depending on future direction.

Mayor Pro Tem Sutherland expressed agreement and suggested that a Public Forum may be beneficial to clearly explain the matter to residents. She emphasized concerns that taxpayers are currently contributing without seeing a direct benefit within Spring Lake. She also raised concerns about limited youth sports participation, noting that in some leagues only one team represents Spring Lake, requiring youth to travel

to Fayetteville to participate. She attributed this, in part, to a lack of volunteer coaches and questioned why participation levels are lower compared to similarly sized communities.

Commissioner Jackson added that prior to transitioning the Recreation Center operations, Spring Lake had multiple teams, and suggested that participation declined after programs shifted to Fayetteville. She expressed the view that bringing recreational activities back to Spring Lake would likely increase local participation.

Mr. English stated that during a prior meeting with Mr. Gibson, the County's focus was heavily centered on the Parks and Recreation District concept. He asked the Board whether there is a clear understanding of the County's philosophy regarding how funds are distributed within the district, noting that if Spring Lake were to operate its own independent Parks and Recreation system, it could limit the Town's participation in shared district funding. He expressed concern that the Board may not have sufficient information on the County's approach and suggested inviting County representatives to provide a detailed explanation. He further recommended holding a workshop session to allow Board members to ask questions and gain a better understanding of the overall structure and funding strategy.

Mayor Anthony noted that the County is currently undergoing a restructuring of its Parks and Recreation system, which may be contributing to delays in receiving definitive information. She advised that any information provided at this time may be subject to change.

Mr. Overton added that the County is also in ongoing discussions with the City of Fayetteville regarding various Parks and Recreation matters that have not yet been resolved. He provided historical context, stating that prior to transferring operations to Cumberland County and before the involvement of the Local Government Commission (LGC), the Town was spending approximately \$600,000 annually on Parks and Recreation, while generating only about \$30,000 in participation revenue. He emphasized that Parks and Recreation is a quality-of-life service rather than a revenue-generating function and typically requires subsidy through property taxes, sales taxes, and other funding sources.

Mayor Pro Tem Sutherland agreed, noting that the Recreation Center was not intended to operate as a profit-generating facility. Mr. Overton reiterated that such services are designed to benefit the community rather than produce revenue.

Commissioner Jackson inquired about the \$130,000 figure referenced during the discussion. Mr. Overton explained that this amount represents the Town's annual debt service payment on the Recreation Center, specifically the obligation to the USDA. He further noted that the Town had adopted a Resolution requesting that an anticipated increase in County revenue from the Parks and Recreation tax be returned to the Town to offset this cost; however, that request has not yet been approved.

## **PROPERTY TAX REVENUE ANALYSIS**

Mr. Overton detailed the property tax assessment, showing total assessed property value after exemptions of \$741 million. The breakdown included real property at \$745 million, personal property at

\$28 million, public service company property at \$12 million, and motor vehicles at \$54 million. Deductions of \$78 million included senior citizen exemptions and farm value property.

Mayor Pro Tem Sutherland asked Mr. Overton to provide further explanation regarding property tax considerations for senior citizens.

Mr. Overton explained that senior citizens who meet certain income qualifications may receive a property tax relief benefit, which reduces the taxable value of their home by a minimum of approximately \$25,000, and potentially more depending on eligibility. He also noted that certain properties may be assessed at a deferred or reduced value, such as agricultural land, which is taxed based on its use as farmland rather than its highest and best use (e.g., potential residential development), resulting in a lower assessed value.

Mr. Overton further explained that some properties are exempt from taxation altogether, including churches, veterans, and other qualifying entities, and these exemptions are deducted from the overall tax base.

Mayor Pro Tem Sutherland inquired whether there are farms within Spring Lake, to which Mr. Overton responded that while there may be some agricultural properties within the Town, they are likely limited in number.

#### **SALES TAX REVENUE IMPACT**

Mr. Overton provided extensive detail on sales tax revenue changes. In the previous year, the Town received \$3.2 million in sales tax but had to refund \$377,000 in growth to the County under an Interlocal Agreement, resulting in \$2.9 million retained. The distribution method changed from population-based (per capita) to property value-based (ad-valorem) in May, two (2) months earlier than the scheduled July 1<sup>st</sup> implementation.

For the last eight (8) months under the new system, the Town received only 56% of previous year amounts, representing a 44% decrease. Mr. Overton estimated the current year would yield only \$1.861 million in sales tax revenue, a decrease of \$1.049 million from the previous year after the County refund.

#### **POWELL BILL FUND**

Mr. Overton explained the Powell Bill fund status, noting \$1.6 million currently available with most of the Highland Paving contract already paid. A backhoe purchase for \$135,000 had been approved and ordered. Mr. Overton warned about the five-year accumulation limit, explaining that the Town could only accumulate the last ten (10) payments (five years of twice-yearly payments totaling \$1.6 million). If the limit was exceeded, future Powell Bill money would not be received.

The Town Clerk provided an update on surveying contractors, explaining that Owen Surveying had closed due to the owner's death, and they were working with MAPS Surveying to complete the required mapping by July 21, 2026.

Mr. Overton noted that Steve Wing and Chuck Epps, their crew, and the project engineer will identify the next group of streets to be resurfaced using the upcoming year's funding. Once those streets are identified, the project will be prepared and advertised for bid.

Mayor Pro Tem Sutherland commented on in-house patching practices and inquired about follow-up when repaired surfaces are left uneven or raised above the roadway. Mr. Wing responded that when such issues occur, staff make efforts to return to the site to clean and smooth the surface to ensure a more even transition. He acknowledged that at times the patch may sit slightly higher than the roadway, explaining that after water line repairs are completed, the area may not always be fully compacted before resurfacing. Mayor Pro Tem Sutherland asked whether proper compaction equipment could be used prior to applying asphalt to ensure a more level finish. Mr. Wing confirmed that such equipment is available and can be utilized.

Mayor Anthony asked whether there are projects currently identified for the available funding. Mr. Overton stated that staff are in the process of identifying projects, noting that selections need to be finalized prior to July.

Mr. Wing added that the cost of roadway resurfacing is significant, estimating approximately \$1 million per mile when constructed properly with an adequate stone base. He explained that many roads in Spring Lake were originally built with clay subgrade and little to no aggregate, which contributes to deterioration due to expansion and contraction during wet conditions.

Mayor Pro Tem Sutherland referenced past practices of prioritizing street improvements by area to ensure equitable distribution of roadway upgrades throughout the Town over time.

Mr. Overton explained that during the period of oversight by the LGC, the Town was restricted from utilizing Powell Bill funds for street improvements, as the focus was on increasing the Town's Fund Balance. He noted that these funds are restricted for street-related expenditures and must be used within a five-year period or risk forfeiture. As a result, approximately \$1 million has accumulated in the Powell Bill Fund Balance.

Mr. Overton further stated that the Town anticipates receiving approximately \$490,000 in Powell Bill funds in the upcoming fiscal year. With the existing Fund Balance, the Town has the capacity to undertake more extensive resurfacing projects, potentially exceeding annual allocations, provided that sufficient projects are identified. He emphasized the importance of utilizing at least the annual allocation each year to remain in compliance with the five-year expenditure requirement, while also acknowledging the opportunity to complete additional projects using the accumulated funds.

## **DEBT SERVICE OVERVIEW**

Mr. Overton presented the Town's debt obligations, totaling \$664,000 annually in debt service payments with \$5.1 million in outstanding debt. The breakdown included the Recreation Center at \$131,000 annually for 21 years through USDA, First Bank loans for fire trucks with 4.5 years remaining, and South River EMC loan for the fire station with 13 years remaining.

Mr. English stated that he recently participated in a call with a representative from the USDA regarding the possibility of 0% loans and asked whether the Town is eligible to borrow from the USDA given that its audits are currently behind, or if borrowing is limited to private sector banks. Mr. Overton explained that loans obtained directly from the federal government do not require approval from the LGC. He stated that if a federal agency, such as the USDA, determines that the Town is capable of repayment, the Town may proceed with borrowing without LGC authorization. However, he clarified that loans from private banks do require LGC approval. Mr. Overton further explained that the Town may borrow up to \$10 million from a bank without a bond referendum, and such borrowing can be structured as tax-exempt. For amounts exceeding \$10 million, a bond referendum is required, and voter approval must be obtained. He noted that if voters reject the referendum, the Town would be unable to proceed and would have to wait until a future election cycle. He also highlighted that bond issuance involves additional costs, including legal fees, which can be significant. Additionally, Mr. Overton stated that the Town does not currently have a bond rating due to outstanding audits. He noted that obtaining a bond rating will be a priority once the audits are completed, and that the Town's financial position has improved, which could result in a stronger rating moving forward.

#### **POLICE DEPARTMENT STAFF DISCUSSION**

Chief Jarman provided an update to the Board regarding the Town's vehicle fleet, noting that while older vehicles have been purchased for replacement purposes, the Police Department still has eight (8) vehicles under a lease agreement with Enterprise. These vehicles are newer and are expected to remain under lease for approximately two (2) more years. As reflected in the budget, the Town is transitioning toward ownership of most vehicles. Mr. Overton clarified that the Police Department's remaining leased vehicles are scheduled to be paid off by January 2029, with some potentially being paid off earlier.

Mayor Anthony inquired about staffing levels within the Police Department. Chief Jarman stated that there are 28 positions on the organizational chart, of which 23 are currently funded and five (5) remain unfunded. He explained that prior to the LGC oversight, the department had additional positions; however, some were eliminated and others were frozen during that period. He noted that frozen positions could be reinstated when funding becomes available, while previously eliminated positions would require Board approval to restore.

Mr. English asked whether crime has increased since the LGC period. Chief Jarman stated that crime trends indicate an increase, including reports of gang-related activity, drug offenses, violent crime, and human trafficking within the Town. He advised that the department is actively working with Fayetteville Police Department and the State Bureau of Investigation (SBI) to explore task force opportunities and additional resources to address these issues.

Mayor Pro Tem Sutherland raised concerns regarding emergency response times, noting feedback from residents that response times have increased. Chief Jarman explained that calls are prioritized by dispatch, with higher-risk incidents receiving immediate attention. He added that while police and fire response times are generally timely, delays in some incidents may be attributed to EMS response, which operates independently. He further stated that limited staffing impacts coverage, as only a small number of officers may be on patrol at a given time across the Town's service area.

In response to a question about overall safety, Chief Jarman stated that while the community remains generally safe, additional staffing could help deter crime and improve response times.

Mayor Pro Tem Sutherland concluded by commending the Police Department for its response during a recent power outage.

**Mayor Anthony recessed the meeting for a 5-minute break at 10:07 am. Mayor Anthony resumed the meeting at 10:12 am.**

The budget included funding for two (2) new police officers from the five (5) previously frozen positions, funded by discontinuing the \$135,000 annual payment to the County for dispatch services since citizens already pay for this through County property taxes.

### **VEHICLE AND EQUIPMENT NEEDS**

Mr. Overton detailed vehicle lease expirations, noting that 15 police cars leased seven (7) years ago had been purchased for approximately \$3,000 each but were in poor condition. Eleven (11) vehicles were currently under lease with Enterprise, expiring in October 2028. The Town planned to purchase vehicles through state contract rather than renewing leases, as this would be more cost-effective.

### **WATER AND SEWER FUND**

Mr. Overton provided an overview of the Town's outstanding debt obligations. He stated that the Town has USDA bonds issued in 2008 with annual payments of approximately \$46,000 and \$29,000, which will continue for approximately 21 more years.

He further explained that the Town has three (3) loans at 0% interest through the Department of Environmental Quality (DEQ): one for a water line project on Lillington Highway, one for a sewer project at Little River, and one for improvements to the Wastewater Treatment Plant. The annual payments for these loans are approximately \$40,000, \$33,000, and \$89,000. He noted that these DEQ loans will be paid off within the next five (5) years, with some being satisfied sooner.

Mr. Overton stated that the Town's total annual debt service is approximately \$664,000, with an outstanding balance of approximately \$5.1 million as of June 30, 2026.

Mayor Pro Tem Sutherland asked for clarification on the repayment timelines. Mr. Overton responded that the \$89,000 loan is scheduled to be paid off in 2029, the \$33,000 loan in 2033, and the \$40,000 loan in 2034. He noted that these dates represent the final payments on each loan. Mr. Overton added that the USDA bond obligations will continue for approximately 21 more years, the fire station debt for approximately 13 more years, and the fire truck financing for approximately four (4) more years.

## **SANITATION FUND**

Mr. Overton presented the Sanitation Fund with revenues of \$932,000 from residential and commercial customers paying \$33 monthly (\$396 annually). The fund served 1,920 residential customers and 320 commercial customers, plus solid waste disposal tax revenue and interest earnings. Collection rates approached 99%.

Mayor Pro Tem Sutherland referenced the \$15,000 budgeted for motor fuel and noted the uncertainty of future gas prices, asking what adjustment should be made in the proposed budget. Mr. Overton recommended increasing the fuel budget, suggesting an increase of approximately 10% to 20% to account for potential price fluctuations. Mr. Wing added that recent fuel costs have been significantly higher, noting that it cost approximately \$200 to fill a truck that was only halfway full. Mr. Overton further stated that he would recommend a 20% increase across applicable budget line items to account for rising fuel expenses.

Mr. Overton detailed sanitation expenses, noting GFL's residential trash collection contract and the Town's debris collection operations. Commissioner Jackson inquired about tipping fees. Mr. Wing explained debris collection operations, noting 23 trips to Wilkes Road Landfill in the previous month and the challenges of increasing disposal costs and decreasing disposal options.

Mayor Anthony stated that the Board previously discussed implementing a fee for bulk item pickup in order to help offset tipping fee costs. She also noted that discussions have taken place with the County regarding the possibility of reducing or eliminating tipping fees; however, no response has been received to date. She emphasized the need to revisit the matter with the Board to determine whether a bulk pickup fee should be implemented and to continue engaging the County on the issue. Mr. Overton agreed and recommended establishing a bulk pickup fee, noting that many municipalities charge for such services. He suggested a fee of approximately \$50 for items such as furniture or appliances, explaining that residents could either transport items to the landfill themselves and pay the tipping fee or pay the Town to collect and dispose of them.

Mayor Pro Tem Sutherland asked who the fee would apply to, and Mr. Overton clarified that it would be charged to the resident requesting the service. He further explained that residents are not currently charged for bulk pickup, and that landfill tipping fees are assessed to the Town based on the weight of materials disposed.

Mr. Wing added that sanitation staff track collection activity monthly, including furniture, debris, and general waste, and that detailed reports can be provided. Commissioner Jackson requested a copy of these reports. Mr. Wing also explained that disposal trips are made as needed to maximize efficiency, noting that trucks are only taken to the landfill once they are full in order to make the best use of resources.

## **STREET SWEEPER PURCHASE**

Mr. Overton stated discussion occurred regarding replacing the 19-year-old street sweeper damaged in an accident. Four (4) bids were received ranging from \$220,000 to \$393,000. Mr. Overton explained that the insurance company would pay \$13,000, and the Town had declared the old sweeper surplus for sale. The Elgin Street sweeper at \$220,000 was recommended, with the vendor offering demonstrations and training.

Mayor Pro Tem Sutherland asked whether the proposed street sweeper, following the demonstration, would be sufficient for the Town's needs compared to a previously purchased model.

Mr. Wing stated that he has extensive experience operating Elgin Street sweepers and noted that they are commonly used by municipalities, particularly for vacuuming roadways. He explained that the Town is responsible for maintaining key corridors such as Highway 87 and Highway 210, which serve as primary gateways into Spring Lake. While he acknowledged that larger equipment can be beneficial, he also recognized current budget constraints and stated that staff would be able to effectively utilize whichever model is selected.

Mayor Pro Tem Sutherland asked for confirmation that the proposed model would still meet operational needs, particularly regarding stormwater management. Mr. Wing confirmed that street sweeping is essential for compliance, as debris entering stormwater systems can result in regulatory violations and potential fines.

Mr. Overton added that debris washed into storm drains ultimately impacts downstream water quality and drinking water sources. He further noted that while the 220 model is slightly smaller than some alternatives, which contributes to its lower cost, it remains a widely used and reliable option, with Elgin being one of the most prevalent manufacturers in the industry.

Mayor Pro Tem Sutherland inquired about CDL licenses. Mr. Wing noted that the recommended sweeper would not require a CDL license to operate, unlike larger models, making it accessible to more employees.

## **STORMWATER FUND**

Mr. Overton explained the stormwater fee structure based on equivalent residential units of 2,266 square feet. Residential customers pay \$5 monthly (\$60 annually), while commercial properties pay \$6 per equivalent residential unit based on their total square footage. The fund served 8,000 equivalent residential units generating \$480,000 annually with no rate increase recommended.

## **WATER RESOURCE DIRECTOR POSITION**

Mr. Overton stated that the Town is proposing to hire a Public Works Director and has budgeted \$85,000 for the position. He noted that this amount may not be sufficient to attract a qualified civil engineer, which is the level of expertise desired. He explained that staff are considering combining the \$85,000 allocated in the Water and Sewer Fund with funding currently budgeted in the Stormwater Fund for Deanna's

position, in order to create a single, higher-level position overseeing water, sewer, and stormwater operations, such as a Public Works or Water Resources Director. Mr. Overton stated it would be more cost-effective to hire an employee with benefits rather than paying engineers \$125-200 per hour for these services.

Mayor Anthony asked for clarification on whether this would involve eliminating Deanna's position. Mr. Overton confirmed that the proposal would include eliminating that position in order to consolidate resources for the new role.

### **SPRING LAKE PROPERTY ACQUISITIONS FUND**

Mr. Overton provided extensive details on the Spring Lake Property Acquisitions Fund, explaining the foreclosure process on 168 acres of land previously owned by a defunct nonprofit. The Town had invested \$763,000 total, including the original purchase price, loan payoff, and back taxes. Once the foreclosure was complete and the property transferred to the Town, it could be declared surplus and sold. The tax value was \$3.5 million, though Mr. Overton noted the actual sale value would likely be less than the tax assessment.

### **CAPITAL RESERVE FUND**

Mr. Overton explained the new Capital Reserve Fund designed to save money for future equipment and vehicle purchases rather than borrowing or paying cash from general funds. The fund would receive \$143,000 initially with plans to add \$140,000 annually.

### **WATER SYSTEMS OPERATIONS AND CHALLENGES**

Mr. Overton provided detailed analysis of water purchase costs and consumption. The Town purchases water from Fayetteville PWC with tiered pricing: \$4.62 per thousand gallons for the first 20 million gallons monthly, \$6.74 for usage between 20-24 million gallons, and \$6.92 above 24 million gallons. Fayetteville planned a 21% rate increase effective July 1, 2026.

The Town typically exceeded 20 million gallons monthly, with some months reaching 28 million gallons due to system leaks. Mr. Overton had requested PWC increase the base allocation from 20 million to 30 million gallons monthly, which would allow most water purchases at the lowest rate.

Without allocation increase, the Town faced an additional \$274,000-300,000 annually just for the PWC rate increase, requiring a 5% water rate increase to cover these costs alone. The Town also purchased water from Harnett County at \$3.35 per thousand gallons, but their system capacity limited additional purchases.

Mr. English mentioned ongoing conversations with the County about expanding the Harnett County connection but noted this was a long-term project requiring significant infrastructure investment.

Mayor Pro Tem Sutherland stated that upon returning to the Board, she had previously inquired about the Town's water capacity in light of new apartment and residential development. She noted that she had been advised at that time that sufficient capacity existed; however, based on the current budget discussions, she expressed concern that capacity may be limited and questioned whether approvals for new developments were made with adequate consideration of available resources.

Mr. Overton clarified that the Town does have sufficient capacity. He explained that the Town is currently billing for only a little over half of the water it purchases, indicating significant water loss within the system. He stated that if leaks are addressed, the Town would have adequate water supply to support additional development.

Regarding sewer capacity, Mr. Overton noted that the system is rated for approximately 1.5 million gallons per day and is currently operating at just over half that capacity, except during periods of heavy rainfall. He concluded that, based on both water supply and sewer treatment capacity, the Town has sufficient infrastructure to accommodate additional residential growth.

### **BULK WATER SALES**

Mr. Overton addressed bulk water sales to Overhills Park, noting the previous rate of less than cost had been increased to \$5.08 per thousand gallons (PWC cost plus 10% markup). With PWC's rate increase to \$5.59, the Town needed to charge at least \$5.60 to break even, though Mr. Overton suggested maintaining the 10% markup for a rate of \$6.10.

### **WATER SYSTEM INFRASTRUCTURE NEEDS**

Mr. Overton presented a comprehensive list of water and sewer infrastructure needs totaling approximately \$80 million. Major water projects included replacing main lines on Odell Road, Mack Street, Main Street, Spring Avenue, and Deerfield (\$3-5 million each), additional smaller line replacements (\$9.5 million), and a new water tank (\$2.4 million). Sewer projects included interceptor investigation and major line replacements totaling \$44 million.

Mr. Overton explained that borrowing \$10 million for 20 years would require approximately \$900,000 annually in debt service (including interest), necessitating a 15% rate increase just to cover payments for one-eighth of needed repairs.

### **AIA**

Mr. English stated that approval of the Asset Inventory Assessment (AIA) is necessary at the upcoming meeting, noting that he has already been approached regarding potential Grant opportunities. He explained that, based on guidance received, the North Carolina Department of Environmental Quality (DEQ) requires an approved AIA in order for the Town to be eligible for certain Grants.

Mr. English acknowledged Mr. Overton's assessment of the Town's financial limitations, stating that the Town cannot rely solely on borrowing to address approximately \$80 million in infrastructure needs.

However, he emphasized that alternative funding strategies are being pursued, as utilized by other municipalities, and reiterated the importance of approving the AIA to position the Town to secure external funding.

Mayor Anthony informed the Board that the Town is actively pursuing state funding for infrastructure improvements, noting that while the requested amount is not sufficient to address all needs, any funding received will be beneficial. She stated Representative Mike Colvin is advocating for approximately \$5.4 million in funding for infrastructure repairs, based on priorities identified by the Town's engineers and provided to Mr. English.

Mayor Anthony also noted that Senator Tom McInnis is aware of the Town's infrastructure challenges and is expected to submit a funding request as well, although the specific amount and likelihood of approval remain uncertain.

### **FIRE DEPARTMENT STAFFING CRISIS**

Mr. Overton reported that the fire department had lost six (6) firefighters recently, with the police department potentially losing two (2) officers who had received significantly higher offers elsewhere. The budget included \$193,000 in fire department salary increases beyond cost-of-living to address retention issues.

**Mayor Anthony recessed the meeting for a 10-minute break at 11:55 am. Mayor Anthony resumed the meeting at 12:05 pm.**

### **EMPLOYEE COMPENSATION AND BENEFITS**

Mr. Overton presented detailed salary survey information comparing Town of Spring Lake positions to similar-sized municipalities (10,000-25,000 population). The survey revealed that many Town positions were below average compensation levels.

Proposed changes included hiring three (3) firefighters for the Manchester station (funded by the \$647,000 Cumberland County contract), two (2) police officers (funded by eliminating the \$135,000 dispatch payment), and a Water Resource Director. A 2.5% cost-of-living increase was proposed for all employees, along with increased cell phone reimbursement as a more tax-efficient benefit than salary increases.

### **PUBLIC FORUM**

Mayor Pro Tem Sutherland stated that, as elected officials and staff serve the citizens, it is important to hold a Public Forum to allow residents the opportunity to provide input. She emphasized the importance of transparency and ensuring the public is informed about ongoing matters, even if the feedback may be challenging. She noted that the governing body was elected to represent the community and encouraged continued communication with residents regarding Town operations and decisions.

## **OVERHILLS SEWER SERVICE**

Mr. Overton presented the ongoing dispute with Cumberland County over Overhills sewer service charges. The subdivision had 317 houses, previously paying \$9.25 monthly compared to \$18 charged to Town residents and \$36 to other outside customers. The Town had increased Overhills rates to the outside customer rate, resulting in monthly bills increasing from \$5,000 to \$18,000.

Cumberland County had exhausted their annual \$70,000 budget allocation in five (5) months and was four (4) months behind on payments, owing approximately \$72,000. Cumberland County threatened to connect Overhills to Harnett Regional if rates weren't reduced, which would result in the Town losing the customer but also the associated maintenance responsibilities.

## **PROPERTY TAX COMPARISON ANALYSIS**

Mr. Overton presented a comprehensive comparison of 28 similar-sized municipalities, showing that Spring Lake had the lowest total assessed property value among all surveyed Towns. This low tax base explained the necessity for higher tax rates, as the Town lacked major commercial developments like shopping centers or significant industrial properties found in other municipalities.

Even after the recent 60% property revaluation, Spring Lake remained at or near the lowest total assessed value among comparable municipalities, demonstrating the ongoing challenge of a limited tax base requiring higher rates to generate necessary revenues.

## **OUTSTANDING ISSUES AND DECISIONS NEEDED**

Mr. Overton concluded by identifying key decisions required from the Board: water rate increases to address infrastructure needs, employee cost-of-living adjustments (COLAs), capital outlay priorities and funding mechanisms, development of a comprehensive capital improvement plan, and resolution of the Overhills sewer service pricing dispute. The Town needed to balance infrastructure investment requirements with affordability concerns for residents while addressing competitive compensation issues to retain qualified staff.

## **FY 2027 PROPOSED BUDGET PRESENTATION – SUMMARY**

The Board received a presentation on the proposed FY 2027 Budget for the Town of Spring Lake, covering the period of July 1, 2026 through June 30, 2027. The total proposed budget is \$18,384,630, reflecting a decrease of \$860,711 from the prior fiscal year.

Mr. Overton provided an overview of the budget by fund, noting the General Fund (\$9.9 million) and the Water and Sewer Fund (\$5.98 million) as the largest components. Revenue sources for the General Fund are primarily derived from ad valorem property taxes (approximately 54.5%), followed by state-shared revenues including sales and franchise taxes (26%), and the Cumberland County Manchester Fire District contract (6.5%). The property tax rate remains at \$0.741 per \$100 valuation, with an estimated collection rate of 98%.

Expenditures within the General Fund are largely concentrated in public safety, which accounts for approximately 62.6% of the budget, followed by general government (20.8%) and transportation (10.6%). Staff emphasized that public safety continues to be the Town's highest priority.

The presentation also highlighted trends in sales tax revenues, noting recent declines and a conservative projection of approximately \$2.03 million for FY 2027. Powell Bill funding and its use for street and sidewalk maintenance were also reviewed.

Mr. Overton discussed the Town's current debt obligations, totaling approximately \$5.17 million, with annual debt service payments of approximately \$664,000.

Enterprise Fund operations were reviewed in detail. The Water and Sewer Fund, totaling \$5.98 million, is primarily supported by utility revenues. Staff noted a significant increase in wholesale water costs due to a 21% rate increase from Fayetteville Public Works Commission (PWC), which will impact overall operating expenses. Total annual water purchases are projected at approximately \$2.0 million.

The Board was advised of substantial long-term infrastructure needs identified through the Asset Inventory Assessment (AIA), totaling over \$80 million for water and sewer system improvements. A financing scenario was presented indicating that a \$10 million loan could require approximately \$900,000 in annual debt service and may necessitate a rate increase of approximately 15% to support repayment.

The Sanitation Fund (\$932,240) and Stormwater Fund (\$530,170) were also reviewed, with staff noting no proposed increases to user fees in either fund for FY 2027. Major sanitation expenditures include the GFL Environmental contract and landfill tipping fees.

Interfund transfers totaling approximately \$1.44 million were outlined, including transfers to the General Fund for cost reimbursements and to the OPEB Fund for retiree health insurance obligations.

Capital outlay requests were presented, including public safety vehicles, fire equipment, building improvements, and other infrastructure-related purchases.

Personnel expenditures total approximately \$7.17 million and include salaries, benefits, retirement contributions, and insurance. Budget adjustments include the addition of select previously frozen positions in fire and police, the addition of an inspections position, and the elimination of a planning and zoning position. Staff also noted increases in retirement contributions, health insurance costs (approximately 20%), and a proposed 2.5% cost-of-living adjustment (COLA).

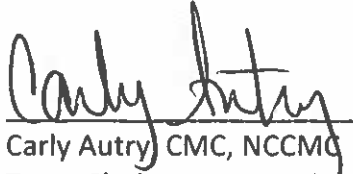
Additional budget changes include the inclusion of revenue from the Cumberland County Fire District contract, the discontinuation of a dispatch contract expense, and modest adjustments to elected officials' compensation.

Mr. Overton concluded the presentation by noting that while the proposed budget reflects a decrease from the prior year and maintains current service levels, the Town continues to face increasing operational costs and significant future infrastructure demands, particularly within the water and sewer system.


**4. ADJOURNMENT**

**Action:** There being no further business to come before the Board, Mayor Anthony adjourned the meeting at 12:41 pm.

ATTEST:

  
Carly Autry CMC, NCCMC  
Town Clerk



  
Kia Anthony  
Mayor