

MINUTES
BOARD OF ALDERMEN
BUDGET WORK SESSION
MARCH 23, 2016

Mayor Blair called the meeting to order at 4:00 p.m. in Council Chambers of Town Hall.

Attendance: Mayor William J. Blair III, Mayor Pro Tem Darryl Mills, Alderman Elizabeth King, Alderman Henry E. Miller III, and Alderman Lisa Weeks; together with Town Manager Timothy W. Owens and Town Clerk Sylvia J. Holleman. Departmental representation: Finance Director Erica Walters, IT Manager Raquel Ivins, Planning and Parks Director Tony Wilson, Police Chief Daniel House, Interim Public Works Director Jonathan Babin, Recreation Program Supervisor Katie Ryan, and Parks Maintenance Supervisor Evan Morigerato.

TOWN MANAGER'S HIGH OVERVIEW OF EACH DEPARTMENT.

Mr. Owens: "There's 2% Cola and 1% Merit in both budgets. We're a million dollars from being balanced without using reserve funds. We have \$1.45 million in this budget proposed to go into future CIP. General Fund reserve amounts include \$7.5 million fund balance and \$2.23 million in the CIP fund. Water and Sewer proposed funds for CIP: \$335,900. Water and Sewer basically breaks even for operations and we do not have much in the Capital account; we may have to look at rates this year. There is some money in this budget for valve installation and we are still paying NEI debt service at about \$250,000 per year."

REVENUES

Mr. Owens" "There are some revenues that can be looked at and adjusted like building permits and sales tax. We will look at actuals and try to come up with numbers that are conservative but not overly conservative." When asked about the utility franchise fees, Mr. Owens said now that the formula had been tweaked, we know what that is and it should stay the same unless changed by the General Assembly. When asked why civil citations had been trending downward, he explained that the Police Department had experienced personnel issues but he thought the projected \$60,000 was reasonable since they are now fully staffed.

GOVERNING BODY (104100) (FY16-17 \$705,402) (FY 15-16 \$606,022)

Mr. Owens: "The biggest change is the \$100,000 for the sand fund. A brief discussion developed regarding \$37,500 that had been added last year and how that was reflected in the budget."

GENERAL ADMINISTRATION (104200) (FY16-17 \$679,117) (FY15-16 \$627,285)

Mr. Owens: "Major changes: the Personnel Policy Update (\$12,000), the Operations Audit (\$25,000) and the Pay and Classification Study (\$15,000)."

INFORMATION TECHNOLOGY (104500) (FY16-17 \$353,382) (FY15-16 \$406,780)

Mrs. Ivins: "This year, we got the website up and running; Facebook is live; we're rolling out the office software taking us from the 2007 to the 2016 version; the financial software is in full swing right now and we will be working on that through October of this year; and the increase in laptop replacement is for the MDTs in the Police Department (\$3,000 apiece with hardware)."

When asked if the financial software maintenance agreement was in line with the contract, Mrs. Ivins said it was. Mayor Blair asked why the Police Department laptops were in the IT budget. Mrs. Ivins replied, "Because I maintain them. In the past, they've been coming through with grants and they've been paying for them themselves." Mr. Owens explained that most of the computer stuff and all of the IT stuff basically goes through this department. When asked if capital costs should be in each department, Mrs. Walters replied, "The only benefit to doing that is that things that are water and sewer would be charged to that department instead of general fund." Mr. Owens said, "I like it all in the same department because you can see all the IT items right there. We can detail it more for you." When asked why copiers were in this department but copier maintenance was in other departments, Mrs. Ivins replied, "My budget pays for the copier lease or copier purchase but the individual departments pay for things like toner and maintenance." Alderman King stated that it would be easier to have all of that in one budget. Mayor Blair asked why the copier in the parking office was in our IT budget. Mrs. Ivins stated that we supply all of their equipment. Mayor Blair pointed out that our contract is based on expenses and that would be skewed if their expenses are under our IT Department. He said he felt they should be in charge of their own copiers and expenses. He expressed the need to review our contract and to look at that going forward in order to incentivize them to control their expenses. Mayor Blair asked if parking had other IT items that we do for them. Mrs. Ivins replied, "Computers." Mayor Blair: "Let's review that; it could be real money. Future Boards need to know what they're negotiating." Mr. Owens stated that he would provide the Board with a copy of the original contract with Lanier Parking and a list of their items in the budget.

PLANNING AND INSPECTIONS (104900) (FY16-17 \$396,728) (FY15-16 \$376,829)

Mr. Wilson: "This year's budget includes a request for a temporary employee for \$15,600; I feel the department should have had that three years ago. Revenue collected so far in this budget is \$230,000. I don't think we'll get to the \$350,000 like we did last year but there may be another \$30,000 to \$40,000 in there. The copier maintenance has gone up a little. We're putting \$10,000 into the CIP Fund – \$5,000 for the CAMA LUP and another \$5,000 for the Pierhead Line Survey. We applied for a grant for the CAMA Land Use Plan so that may happen next year and we'll get some money for that. Revenues collected have been strong; we're busy. I think with the temporary employee (we used to have a full time employee in there in 2007 and 2008) that would help our department with grants and applications."

FLEET MAINTENANCE (105001) (FY16-17 \$274,549) (FY15-16 \$301,806)

Mr. Babin: "Gas prices fluctuate so much, we're getting it at about \$1.50 a gallon now; I kept it at \$3.50 in case there's movement in that price. Garage expansion in the CIP, we put another \$5,000 in there; the service vehicle for the 2002, I propose to start putting some money in for that for the future."

POLICE DEPARTMENT (105100) (FY16-17 \$2,894,421) (FY15-16 \$2,729,674)

Chief House said, "Training incentive program. We spent about \$40,000 to hire people when we normally spend about \$23,000-\$25,000 so we're off almost 50% in training."

We're looking at inexpensive programs to try to help retain people. The officers doing the training are in that car for 16 weeks; they have to do extra reports and they've got to do evaluations and personnel so for the time period while they are doing that, they are taking on a supervisory role. What we're proposing is when they're physically training somebody, they would get a 5% bump during that training period. So, if they had one trainee here for those 16 weeks, they'd get a 5% bump for that, then they'd go back to their regular salary. The \$15,000 figure is probably high; that's based on this year when we had 10 people leave; an average year, I think we would probably spend only about \$5,000-\$7,000. It's a very minuscule amount of money to keep people and make them feel like they're appreciated and the extra work they do is appreciated. I'm getting close to my guys getting extremely burned out and where they're going to say they're not training anymore – and I can't blame them. It is a small amount of money that would go a long way with retention."

Mayor Blair said, "Last year, we did a budget on salaries and wages for a full staff; we also added a guy. That budget number was \$1.232 million. Now we have \$150,000 more in this coming year; where is that coming from?" Chief House: "The merit and COLA is part of that number (\$37,000)." Mayor Blair: "I'm kind of looking at \$120,000 – just looking at the difference between requested 2017 and budgeted in 2016. Let's detail that number because we didn't change the number of people." Mr. Owens stated that he was going to go through the budget line item by line item. Chief House: "It's just wrong." Mayor Blair: "You all can figure it out and let us know. I'm assuming the Training Incentive Program is a new line item." Chief House: "Yes, it's a new thing. One other thing that I need to discuss with you was, we're trying to make a decision – we did not anticipate Captain Burdette leaving when he did; it kind of put a hole in the department. Valerie Blanton and Jason Bishop really stepped up with some other staff to fill that vacancy. What we have talked about doing was taking that position and actually reallocating it to a patrol position and it would also augment the downtown program and the beach program. The reality is, that's how we're operating now. The difference is we have two positions to fill – it's a captain's position and a detective's position. The direction I need from you guys is do we want to go with another captain's position and a detective's position or would you rather see that reallocated to an officer's position and a detective's position? That would give us extra manpower downtown and would create a power shift that would guarantee us five people all the time and when the beach patrol came out, it would be augmented with another one in the mix. I think it's the way to go." Mayor Blair: "What would help you the most?" Chief House: "I think this would help us the most; it would make both Lieutenant Blanton and Lieutenant Bishop division commanders, so it would change them just a little bit; but reallocate that other person. It's a little bit of a savings because of the salary difference between a captain and a police officer. I think it would take care of everything administratively and you would get more out of the people." Mr. Owens: "We will have to make that formal because that would be a change to the structure and job descriptions." Chief House: "It wouldn't be because we already have those positions in our structure; it's just a matter of putting them in that position and making that official." Mr. Owens: "We can make a decision at the April meeting. He has it planned out – we will get you a dollar amount."

Mayor Blair asked if the new LED lighting was helping. Chief House: "The only thing I've heard is people would like to see more LED lighting around Town Hall."

Chief House: “One thing in the CIP was the replacement of some radios. It’s not only us in this boat; it’s also going to be Ocean Rescue and the Fire Department. The current radios that we’re using are no longer being made and they will no longer be making any parts or maintenance or anything for them in 2019. It doesn’t necessarily mean that none of them will be useable in 2019, but when you go to purchase them, you want the same operability among all the radios. A lot of times, they’ll offer a trade-in so we don’t know what that number is going to be. Just the Police Department has about \$70,000 worth of radios. That’s why we put \$20,000 in this year so by the time we get to 2019, we’ll have enough put back that it won’t be a huge hit. This year, we are hoping to replace two vehicles and we have three that will be auctioned off.”

Alderman Weeks asked about the debt service and the interest rate. Mrs. Walters said the last payment would be January 2024 and the interest rate is 3.39.

PARKING MANAGEMENT (105102) (FY16-17 \$518,500) (FY15-16 \$507,105)

Mr. Owens: “We had \$10,000 in CIP last year for pay stations; we put in \$20,000 this year. We plan to give you their detailed budget and we will get you a detailed list of things we pay for that they don’t.”

FIRE DEPARTMENT (105300) (FY16-17 \$1,775,565) (FY15-16 \$1,534,350)

The main changes are in capital: we’re purchasing an EMS vehicle; there’s a fire chief vehicle in there but that may or may not stay; there’s \$100,000 in there for an aerial pumper that needs to be replaced in five years.

EMERGENCY PREPAREDNESS (105301) (FY16-17 \$11,025) (FY15-16 \$5,725)

The main reason for a higher budget is that every other year, we hire Johnson Environmental to come and redo our Plans. Mayor Pro Tem Mills: “Under professional services, last year, there was \$500 because we didn’t hire anybody.” Mr. Owens: “Each year we do the review of our emergency plan; they probably helped with some of that; there’s some expense there under professional services. In FY12/13 we budgeted \$1,000; in FY13/14 we budgeted \$1,000; in FY14/15 we budgeted \$600; and in FY15/16 we budgeted \$600.” Mayor Pro Tem Mills: “It was \$1,000 in 2013 and \$1,000 in 2014 – did we pay two years in a row?” Mr. Owens: “I will give you details at the next meeting.”

OCEAN RESCUE (105302) (FY16-17 \$444,980) (FY15-16 \$420,732)

Mr. Baker: “A twenty-five cents increase is included in lifeguard salaries; it’s been since 2013-14 budget that they’ve received any type of compensation increase. We do have in the budget the unemployment insurance at \$12,500 which, actually, is better now with how we’re filing that and terminating them at the end of the season. In 2015, it was \$4,400; prior to that it was before we knew exactly how the Unemployment Commission wanted it, so that number could go down to \$5,000 – a savings of \$7,500 that could go towards the lifeguard’s increase. A lengthy discussion developed regarding how part time people are eligible for unemployment and the fact that the Town does not pay unemployment insurance; we pay out of pocket. Mr. Baker said, “We feel we have a really good grasp on it and \$5,000 is a solid number going forward.”

Mr. Baker: “In the 74 account, we budgeted for six new stands for 2015-16. David James and Company came in under budget so I asked them to build two more which was still under budget; so we got eight. I’m hoping they will bid next year for the remainder of the stands. We will probably come in \$10,000 under that 77 account; so it will be \$25,000 instead of \$35,000.” Mayor Blair: “What is the cost of a stand? Mr. Baker: “We budgeted \$5,000 but it came in at \$3,800 and change so \$3,900. Since he built them, he may come in at \$4,000 or higher on this go around.” Mayor Blair: “How are we coming on sponsorships?” Mr. Owens: “That will be on your agenda at the next budget meeting. Mr. Wessell is creating a policy where the sponsor can see the terms and sign off on them.” Mr. Baker: “I’m getting inquiries also with people wanting to sponsor; there are people who really want to be a part of that. And also, people are wanting to buy the old stands that come off. So, you’re going to make money on both sides because people want to repurpose the wood and build furniture or put something in their home. It should come out as a wash and/or making money for the stands.”

Mr. Baker: “And, just like Chief House was discussing, the radios will become inoperable soon and we’re trying to get ahead of that by replacing two per year and then putting some away in the CIP and looking at it, with the Fire Department, for a possible grant but everyone’s in the same boat throughout New Hanover County with the inoperability that’s coming up.”

PUBLIC WORKS ADMINISTRATION (105550) (FY16-17 \$284,512) (FY15-16 \$279,416)

Mr. Owens: “Nothing new being proposed; the salaries budget is based on last year’s salaries.” Mayor Blair: “How did this department get stuck with maintenance on their copier.” Mr. Babin: “The IT department pays the lease and we pay the maintenance.” Mr. Owens: “Everybody pays the maintenance.” Alderman Weeks: “Do you expect an increase in overtime?” Mr. Babin: “That was something that Mike put in there before he left and I left it.” Mr. Owens: “Pat has been having to pull a little extra with manpower down.”

BUILDING MAINTENANCE (105559) (FY16-17 \$771,847) (FY15-16 \$391,209)

Mr. Owens: “Under maintenance and repair of public buildings, there’s a tennis court bathroom connection to coincide with our Trillium grant; the wood siding on the recreation center needs to be replaced; replacement of the rec center HVAC unit will probably go away; the eaves on the recreation building are falling apart.” Mr. Babin: “The engineered floor plans – that is for the disaster plan – should be a decrease in insurance.” Mr. Owens: “Replacement of the fleet maintenance HVAC may go away; municipal complex to renovate the Board Room – we have \$25,000 to replace the chairs for the audience and we also want to replace the Board’s chairs; Salisbury parking – we have money in the CIP to do that but we still have to coordinate with NCDOT and we still do not know what the long term look will be; \$95,273 to resurface the L-shaped lot. In the CIP: pave recreation parking area; Public Works shower; Public Works Administration generator replacement; walkover replacements – we need to decide what to do about those.” Alderman King: “I thought we’d already decided.” Alderman Miller: “I thought we were going to take them out.” Mr. Owens: “This is just general planning – it has nothing to do with Northridge or Southridge.” Mayor Blair: “We said if it doesn’t support public parking we should tear them out.”

Mr. Owens: “We’ll let it ride one more season then tear it out. Any questions about Building Maintenance?” Alderman King: “With the shower, we talked about them using the shower in the trailer but they said they didn’t want to.” Mr. Owens: “Mainly because they would still have to get in their car and drive over there. I think we need to let the next Public Works Director decide on what direction we want to go.”

PUBLIC WORKS – STREETS (105600) (FY16-17 \$628,659) (FY15-16 \$601,672)

Mr. Owens: “The main difference is that we have some resurfacing – Keel Street, Short Street and Jasmine Place.” Mayor Blair asked if this would be covered by Powell Bill funds. Mr. Owens: “We only get \$69,000 in Powell Bill money. Short and Keel Streets have some drainage issues that need to be addressed. There are two items in the CIP: truck replacement and a walk-behind loader.”

SANITATION (105601) (FY16-17 \$1,182,006) (FY15-16 \$1,082,761)

Mr. Owens: “Under Contracted Services, \$6,000 for a hazardous household waste day if we want to do it.” When Alderman King asked if the County does that every year, Mr. Owens said staff would check with the County to see if they are planning a hazardous household waste day. CIP: dump truck replacement and a front end loader.

PARKS AND REC. PROGRAMS (106200) (FY16-17 \$366,235) (FY15-16 \$364,378)

Ms. Ryan: “We added the Valentine 10k Race last year – it was very successful this year and more than paid for our concerts in park; we added a couple of youth athletic programs a couple of months ago and those are doing well; we also plan to add a course working with the Police Department for older adults who refuse to be a victim.” Mr. Owens: “There was some discussion at the Board level about looking at fees; we will bring those back to the Board for review.”

PARKS AND REC. PARK MAINT. (106201) (FY16-17 \$314,327) (FY15-16 \$298,972)

Mr. Morigerato: “The price increase from last year to this year are just the numbers that are in the CIP: we added more money towards the brush chipper; 2006 truck replacement; 2011 mower replacement; then resurfacing the tennis and basketball courts. We also added a couple of thousand dollars for beach strand maintenance.” Mr. Owens: “WRAR is helping us this year with planting and sand fencing.”

WATER & SEWER: WATER (306100) (FY16-17 \$1,698,627) (FY15-16 \$1,099,960)

Mr. Owens: “There is a shortfall between this year’s and last year’s budget; we will look at the projected revenues versus actual and tweak. Account 21 needs to be raised from \$1,500 to \$3,000 for Well 8 rent. We talked about potentially doing \$200,000 a year in meters; I have \$150,000 in there. Under contracted services, the valve installation for \$100,000 is something we need to do. We talked about redoing waterlines on several streets; this is a continuation of our \$300,000 per year.” Mr. Babin: “I think we can trim that up; we still have to do the engineering but I have a good enough crew; we can put these things in.” Mr. Owens: “Capital reserve: general waterline replacement; install new wells at Public Works (we still don’t know what is finalized and what we are going to do); replacement vehicle; and water meter replacement (may go away).”

WATER & SEWER: STORM WATER (306101) (FY16-17 \$139,922) (FY15-16 \$92,106)

Mr. Owens: “The biggest difference from last year’s budget is the duck valves for Channel Avenue in Account 33. Mr. Babin: “I met with the contractor; it’s a situation where we have to buy all four or none at all because of the way the system is.”

WATER & SEWER: SEWER (306110) (FY16-17 \$1,793,697) (FY15-16 \$1,478,766)

Mr. Owens: “Under contracted services, the transmission charges fluctuate each year. The SCADA components – a lot of that can probably come out. Lift Station 5 upgrade, we’re doing the design now. Mr. Wessell is looking to make sure we can expand where we need to expand to make sure we can legally do that. So, we’ve kind of halted the design at this point until we can get that cleared up. We’re waiting for Mr. Wessell to tell us if we can put it where we want to put it.” Mr. Owens reviewed other items that there was not enough money in the budget to do. He said, “These are all numbers from all departments without me taking anything out. What you will see at the next meeting is a close to balanced budget.”

NEXT BUDGET WORK SESSION APRIL 5TH AT 4:00 P.M.

Mr. Owens noted that the next budget work session was scheduled for April 5th at 4:00 p.m. in Council Chambers.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, THE MEETING WAS ADJOURNED AT 5:55 P.M.

Respectfully submitted,

Sylvia J. Holleman
Town Clerk