

MINUTES
BOARD OF ALDERMEN
BUDGET WORK SESSION
APRIL 19, 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, Fire Chief Glen Rogers, Fire Captain Robert Pugh, Ocean Rescue Director Dave Baker, Public Works Director Bill Squires, Assistant Public Works Director Jonathan Babin, Recreation Program Supervisor Katie Ryan, and Parks Maintenance Supervisor Evan Morigerato.

BUDGET AND CIP REVIEW

Mr. Owens gave the following budget summary: "Amended budget on 4/19 \$10,608,160; used \$11,014 in reserves to balance the budget; proposing to use \$151,845 in CIP money set aside in prior years; funds proposed to be added to CIP in FY16-17 at \$994,500. Budget changes: remove Operations Audit funding and Pay and Class Study (reduced budget by \$40,000); remove Fleet Maintenance storage container (reduced budget by \$3,000); move EMS vehicle CIP funding and add to Fire Apparatus CIP; in Ocean Rescue, move captain's vehicle funding of \$36,500 to CIP; in Streets Division, removed a \$45,800 Short Street Project and added \$28,600 Keel Street Project (reduced budget by \$17,200); in Sanitation Division, remove front end loader from being purchased (removed \$98,000 in revenue from CIP and removed \$98,000 in expenditures)." Mayor Blair asked if the \$17,000 in Powell Bill money would carry over and Mr. Owens said it would.

Governing Body CIP: Mayor Blair noted that the figure for beach re-nourishment was incorrect because the Board had bumped that up. Mrs. Walters said she would add \$34,000 to that figure.

Information Technology CIP: Mayor Pro Tem Mills questioned the cost of broadcasting Board meetings since our equipment was donated and the service we chose should have been free. Mrs. Ivins stated that they had \$20,000 in the existing budget for overall technology. Mr. Owens said he thought those funds had been rolled into our finance software but he would check and let the Board know.

Parks Maintenance: Mayor Pro Tem Mills asked about the playground equipment. Mr. Owens said that was just for replacement because we did not know we would get that grant. He said the money would just sit there until we need to replace something in the park. Mayor Blair asked about the 1999 truck replacement. Mr. Morigerato explained that it should have been relabeled a 2006 truck with \$1,000 going toward replacement of that.

Ocean Rescue: Mayor Pro Tem Mills asked if \$36,500 had been placed into the CIP to replace a truck next year. Mr. Owens said that would be up to the Board. Mayor Blair asked if it would make more sense to put half of that in the CIP this year. Alderman Weeks suggested putting the other half in the EMS budget.

Building Maintenance: Mayor Blair asked if the garage expansion was staying in the budget. Mr. Owens said it would unless another hot item came up. He said the bulkhead replacement could stay in case we need it later but it would not be specifically for the one on Pelican. Mayor Blair expressed the need to think about priorities. Following a brief discussion regarding walkover replacement costs, Mayor Blair asked if staff could give the Board an assessment of those four walkovers. Mr. Owens said he would look at all of them and come back with the cost to replace all except North Ridge and South Ridge. Alderman King said if we were not going to do the one at North Ridge, she didn't feel we should spend a lot of money on maintenance. Mr. Owens said we were just hammering nails down. He said he would go and look to see if we could get another year out of it.

Streets and Sanitation Divisions: Mayor Pro Tem Mills asked about the lighting project at the end of Bob Sawyer Drive. Alderman Weeks asked if the NCDOT would fund that. Mr. Owens said he would check to see if there were any safety funds that could be allocated for that. Mayor Blair asked about the condition of the two generators. Mr. Babin said the one at Lift Station #1 was internal and one of the portables was obsolete. Mr. Owens expressed the need to look at federal and state surplus. Mr. Babin said he would like to get rid of all of the stationary generators.

Merit and COLA: Mr. Owens said he put in 2% COLA and 1% merit. He said he would like to do merit like we did this year and wait until December. Mayor Blair suggested doing 1% COLA. He said he liked having the ability to have a look back like we did last year. Mr. Owens said, "I will keep that 3% in there instead of tweaking all the figures. We will implement 1% and figure out what we will do in December. The COLA would be effective the first full payroll in July."

Planning and Inspections: Mr. Wilson referenced the request for a part time position and noted that they had a full time employee until 2008 or 2009. He said because of the revenue that department collected in the last few years (\$248,000 so far this year), he felt it was past time to have a temporary employee in there to help. He said that person could be an asset to the department and help with filing, reports and grants. Mr. Owens stated that UNCW has an MPA Program with students that could be interns. He also suggested outsourcing minutes to free up some time. When asked about revenue collections, Mr. Wilson said he was confident they would get to \$260,000 or \$270,000 this year with some potential projects coming up for next year. He noted that Mr. Steffey also does a lot of things for other people as well as minutes for the Planning Board and Historic Landmark Commission. Mayor Blair said it was hard to add people if revenue is down. Mr. Wilson noted that Carolina Beach has seven employees in their planning department. Mr. Owens said, "We may need to hire a temp to fill in a while for Mr. Squires. It will take about four months to fill that position." Following a brief discussion regarding whether the \$350,000 collected in revenue last year was sustainable and whether unpaid interns could be used, Alderman Miller suggested hiring a temp for half of the requested time to help with the transition. Alderman Weeks noted that funding was there for now with Mr. Squire's salary. She said they could take it out of the budget and revisit it later if the trend line gets back to last year. Mayor Blair expressed the need to look at temporary help for the transition. He said, "Let's take it out; we can reassess it later. Mr. Owens said he would look into an unpaid intern position."

Ocean Rescue – Lifeguards: Mr. Owens reviewed the proposed 25-cents increase per hour for lifeguards and said that would keep us fairly competitive with other municipalities. Mr. Baker said some of the other beaches give bonuses if you stay through Labor Day; there are housing allowances in some beaches; and some pay an extra \$25 if you work over 40 hours. When asked why we would have lifeguards after September 30th, he said, “Liability wise, in Miami, they were offering restrooms and parking but not lifeguards. They were charging for parking and they were sued and lost.” Mayor Pro Tem Mills expressed concern with the cost of unemployment for lifeguards working after September 30th. He said five lifeguards cost the Town almost \$20,000. Mr. Baker said, “We have brought it down over the years to below \$5,000. They have a right to file; we can’t keep them from it.” Mr. Owens stated that Mr. Baker tries to use full time folks after September 30th now instead of seasonal folks. There was Board consensus to leave the twenty-five cents per hour increase in the budget.

Parks and Recreation Programs: Ms. Ryan said she was suggesting to leave fees the same except for the five big events with street closures (WB Marathon, YMCA Triathlon, B2B Race, Turkey Trot, and Jingle Bell Run) and that we charge a fee of fifty cents per race-day participant for any event requiring a full street closure. She said everyone would pay the regular fees; this would be like a street closure fee. She noted that Wilmington charges a dollar per participant but they don’t have all the other fees. Mr. Owens expressed the need to decide when to implement this because some folks had already been approved. Mayor Blair said this could affect the ones that have not signed up yet. Ms. Ryan asked if it would be for any new applications. Mayor Blair said ‘yes’. Alderman Miller made the motion to approve the fifty cents fee per race-day participant for any big event requiring a full street closure (for new applications). The motion was seconded by Mayor Pro Tem Mills and unanimously approved.

Water and Sewer: Overview: We have \$791,315 worth of projects but we have to cut \$571,015 to balance the budget.

Rate analysis: Every \$.25 per unit increase in essential water rates (750 gallons) would generate approximately \$50,000. Every \$1 increase in water maintenance fee would generate approximately \$35,000. \$15 million in debt service for future projects (15 years at 3% interest) would result in \$1.25M per year in debt service added to the budget. Current monthly bill for 6,000 gallons without trash service or storm water charge is \$64.36 per month or \$772.32 per year.

Rate options: 1) Keep current rates.

- 2) \$5 increase to all water maintenance categories, \$.23 per unit increase.
 - Estimated \$300,000 +/- increase in revenue.
 - \$7.84 per month increase on residential customer using 6,000 gallons or 8 units.
- 3) \$5 increase to ¾ and 1 inch meters, water maintenance categories, +/- 50% increase to other water maintenance categories, \$.23 per unit increase.
 - Estimated \$400,000 +/- increase in revenue.
 - \$7.84 per month increase on residential customer using 6,000 gallons or 8 units.
 - Higher impact to larger meters at 50% increase. A two-inch meter customer would pay \$504 more in water maintenance charges per year.
 - A six-inch meter customer would pay \$2,952 more per year in water maintenance charges.

- 4) \$5 increase to $\frac{3}{4}$ and 1 inch meters, water maintenance categories, +/- 50% increase to other water maintenance categories, \$.48 per unit increase.
- Estimated \$450,000 +/- increase in revenue.
 - \$8.84 per month increase on residential customer using 6,000 gallons or 8 units.
 - Higher impact to larger meters at 50% increase. A two-inch meter customer would pay \$504 more in water maintenance charges per year.
 - A six-inch meter customer would pay \$2,952 more per year in water maintenance charges.

Mayor Blair expressed the need to get a rate and maintenance fee that makes sense for several years and not try to do it all in one year. Mr. Squires said they would have a better feel for it after the modeling is completed. Mayor Blair said we need to look at it from a longevity standpoint. Mr. Owens said staff would know more after the system assessment is completed and a rate study is done. Mayor Blair said that would be a year away and he felt we couldn't wait that long on some of the projects. Mr. Owens said Option 3 would be staff's recommendation. Mayor Blair said, "Why don't you take Option 3 and put it into a model and put projects in for three years and leave the Southside Wastewater Treatment Plant out of it to see what that will get us." Mr. Owens asked if the Board wanted to increase the system maintenance fee for irrigation from \$7 to \$11 so all of the maintenance fees would be the same. Mayor Blair said, "Why don't you put this in a new format with Option 3 and bring us something that makes sense. We can talk about irrigation meters again." Mr. Owens stated that the next Budget Work Session was scheduled for May 5th at 4:00 p.m. and they could go over water and sewer then as well as health insurance.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, THE MEETING WAS ADJOURNED AT 5:47 P.M.

Respectfully submitted,

Sylvia J. Holleman
Town Clerk