

MINUTES
BOARD OF ALDERMEN
BUDGET WORK SESSION
APRIL 14, 2021

Mayor Mills called the Special Budget Work Session to order at 8:35 a.m. in the Town Hall Conference Room.

Attendance: Mayor Darryl Mills, Mayor Pro Tem Hank Miller, Alderman Ken Dull, Alderman Jeff DeGroot, and Alderman Vivian (Zeke) Partin; together with Town Manager Timothy W. Owens and Town Clerk Sylvia J. Holleman. Presenters: Finance Director Melissa Norton, Information Technology Manager Raquel Ivins, Public Works Director Bill Squires, Police Chief David Squires, Fire Chief Glen Rogers, Ocean Rescue Director Dave Baker, Planning and Parks Director Tony Wilson, and Parks Maintenance Supervisor Evan Morigerato.

BUDGET OVERVIEW by Mr. Owens

Mr. Owens reviewed the General Fund and the Water and Sewer Fund with the following highlights:

- The Ad Valorem valuation went from \$2.6 Billion to almost \$3.8 Billion.
- The current Tax Rate is \$0.1275 per \$100 of valuation. The revenue neutral tax rate is \$0.0923. The Town Manger is recommending \$0.10 per \$100 of valuation.
- The tax rate does have an impact on sales tax. As the Town lowers its tax rate, or the total valuation becomes a lesser percentage of the entire County's tax base, it loses sales tax.
- The General Fund is balanced at this point at \$13,377,940. We did use CIP transfers into the budget of \$133,500.
- General Fund: There is a 2% COLA and 2% Merit loaded into the budget.
- The Water and Sewer Fund is balanced at \$3,667,825. The budget uses \$70,000 from reserves to balance the budget.
- Water and Sewer Fund has 2% COLA and 2% Merit as well.

GOVERNING BODY by Mr. Owens

- We put \$29,000 in for the Flotilla. They asked for \$35,000.
- We put \$7,000 in the budget for Christmas Decorations, bulb replacement and equipment rental.
- We increased the Beach and Inlet amount that we set aside from \$500,000 to \$750,000.
- We added \$25,000 to be set aside for paving the Historic Preservation Area parking lot. We have \$40,000 in that CIP line item now.

Alderman Partin asked if we could increase the Flotilla amount to \$35,000. She noted that the Flotilla brings in publicity for our Town. Alderman Dull asked if the amount for Beaches and Inlets could be increased from \$750,000 to \$1,000,000. Mayor Pro Tem Miller agreed. Alderman Partin asked the Board to keep in mind that the Flotilla Chair would have to back up their request for \$35,000 with receipts. Mayor Mills said, "We will proceed and keep that in the back of our minds."

Mayor Mills noted the high increase in insurance. Mrs. Norton explained that we had to add about \$22,000 in the budget for flood insurance when we added Blair Pavilion on Salisbury Street. She said it was in the Public Works budget last year.

When Alderman Dull asked if we could self-insure, Mr. Owens replied, “We can. We can do that with any of our policies. The problem is the FEMA part.” Alderman Dull stated that the Public Safety Building has not flooded and flood insurance only covers rising water, not wind driven water. Mr. Owens said he had a spreadsheet of all of our flood policies that he would bring to the next Budget Meeting.

GENERAL ADMINISTRATION by Mr. Owens

- Basically, it's just general operating expenditures in this department.
- We have \$25,000 in this budget for a Pay and Classification Study. This has not been done since 2004.

Following a brief discussion regarding the County's fee for collecting our taxes, Mr. Owens said we could have our own tax collector in-house but it would be more expensive.

INFORMATION TECHNOLOGY (IT) DEPARTMENT by Mrs. Ivins

- This budget includes \$25,300 for replacement of seven laptops and ten PCs and \$18,400 for replacement of eight MDTs in the Police Department. We are on a five-year replacement schedule.
- \$28,000 in Capital Outlay to replace two Server Hosts to support our virtualization.
- \$10,000 in Transfer to GF-CIP for Police RMS Software replacement.

PUBLIC WORKS ADMINISTRATION by Mr. Squires

- There are only three people in this department.
- The increase is basically in salaries.

PUBLIC WORKS FLEET MAINTENANCE by Mr. Squires

- There are only three mechanics in this department; a supervisor and two mechanics (one position is vacant right now).
- \$10,000 in Transfer to GF-CIP for a truck
- \$18,000 in Capital Outlay for a Frontend Loader Forklift Attachment. *(Last year, we put some money aside in CIP for a new heavy-duty all-terrain forklift. Then we went in a different direction because we could get an attachment for our existing loader for a lot less money that would do the same thing. So, we have \$30,000 already put away in CIP for this forklift. If you look over at the service truck, we're requesting \$10,000 in the CIP, we could actually strike that and use the remainder of that \$30,000 that was for the forklift to fund that. The truck is \$50,000 but there's already \$40,000 set aside. So, we have \$30,000 and we're going to spend \$18,000; that leaves \$12,000. We're asking for \$10,000 for the service truck in CIP. The \$12,000 that's left could fund that \$10,000 and you could strike that out.)*
- The amount in the budget for gas and fuel seems low because we have a guaranteed rate for this year. It could go up next year.

PUBLIC WORKS BUILDING MAINTENANCE by Mr. Squires

- We added \$1,000 for annual cleaning of Public Safety Building carpets.
- We added \$1,000 for General Maintenance of the Parks & Rec Office.
- \$40,000 for Access 4 Public Restroom Remodel.
- \$30,000 for Architectural Plans for the new Fleet Garage. We need to know if the area meets flood height so we won't have to pay flood insurance.
- \$20,000 for an Architect Assessment and Floor Plan for the Public Works Office.

- \$6,000 to replace a window HVAC unit with a more efficient unit.
- \$15,000 to paint the exterior of the Public Safety Building.
- \$25,000 to replace the original boiler in the Public Safety Building.
- \$250,000 in Capital Outlay for Wynn Plaza Re-design and Construction (includes deck and dock replacement). We also talked about putting a separate boatlift in for the Police boat.
- \$100,000 in Capital Outlay for Beach Walkover Repairs. We removed the one at South Ridge. We might look at going in that direction on some of the others. The one at North Ridge could definitely be removed.
- \$100,000 in Transfer to GF-CIP for Town Hall Improvements. We already have \$200,000 saved for this project.
- \$30,000 in Transfer to GF-CIP for Public Works Office Remodel.
- \$20,000 in Transfer to GF-CIP to replace two trucks (\$10,000 for each).

POLICE DEPARTMENT by Chief Squires

- Salaries and Wages includes money for a 25th officer and addresses compression.
- This is a three-vehicle replacement year.
- Proposing a Take-Home-Car Program.
- \$55,000 for gas, diesel, oil, tires, boat gas and fuel stabilizer. This would facilitate the commuting costs associated with the Take-Home-Car Program and the increased costs for having two public safety vessels. We will have a policy (to be approved by the Board) that will control the radius for the Take-Home-Car Program. Alderman Dull asked if we could let the officers that live outside the radius pay the difference so they could drive the vehicle home. Chief Squires said we could structure something to make that possible.
- \$17,000 in Departmental Supplies for the equipment to up-fit the three new vehicles.
- Following a brief discussion regarding cameras in the child's play area in the Park, Mrs. Ivins said we could put another camera on the bathrooms pointed at the playground. Chief Squires said he could make a presentation to the Board for LPR Cameras on the drawbridge.
- We took out Debt Service for the Public Safety Building (that has been paid off).

FIRE DEPARTMENT – EMERGENCY PREPAREDNESS by Mr. Owens

- Contains hurricane-related items like our Debris Plan and those types of things.

FIRE DEPARTMENT by Chief Rogers

- \$115,000 for a Career Incentive Program that mirrors the Police Department's Program.
- \$10,000 in Transfer to GF-CIP to replace the Chief's vehicle.
- \$100,000 in Transfer to GF-CIP for Fire Apparatus Replacement Fund. (We had \$490,000 in this fund but we used it for the down payment on the fire truck that should be delivered in September.)

FIRE DEPARTMENT – OCEAN RESCUE by Mr. Owens and Mr. Baker

- Includes \$0.50 increase for guards this year.
- We added \$12,000 for removal and placement of lifeguard stands.

- \$56,000 in Capital Outlay for the Lifeguard Captain's vehicle. (\$38,250 from CIP and \$17,750 from the General Fund.)
- \$15,000 in Transfer to GF-CIP for replacement of the Director's vehicle.
- \$4,000 in Transfer to GF-CIP for one replacement portable radio.
- All returning lifeguards will get a swim cap with Jeremy Owens' number (81) to keep the legacy alive.
- The Junior Lifeguard Program is now the Jeremy Owens Junior Lifeguard Camp. We will have two sessions during June and July for ages 7 to 17.

PUBLIC WORKS – STREETS by Mr. Squires

- \$150,000 for Street Paving. (Paving the entrance to Parmele down to where Palmetto comes in; Sandpiper and Heron.) (money in storm water for Arrindale.) (work is currently underway on Cypress.)
- \$75,000 for Safe Sidewalk Program for ADA Master Plan.
- \$300,000 for Sweeney & Columbia bulkhead replacement.
- \$130,000 for replacement of a 97 John Deere Backhoe. (\$60K in CIP)
- \$30,000 in Transfer to GF-CIP to replace two trucks. (\$20,000 for one and \$10,000 for the other.

PARKING by Mr. Owens

- \$88,000 in Professional Services for annual Management Fee based on revenue.
- \$371,000 for Contracted Services.
- There's an increase in expenditures because there's an additional Manager and they raised their hourly rate.
- Operating Expenses are up \$35,000.

PUBLIC WORKS – SANITATION by Mr. Squires

- \$50,000 in Transfer to GF-CIP for replacement of a container truck.
- \$100,000 in Transfer to GF-CIP for replacement of two loadpackers (\$50,000 each).
- \$10,000 in Transfer to GF-CIP for replacement of a service truck.

PLANNING AND INSPECTIONS by Mr. Owens

- Basically just normal operating expenditures.
- \$5,000 in Transfers to GF-CIP for a new truck for a Park Ranger.
- \$5,000 in Transfers to GF-CIP to replace the 2013 Park Ranger Truck.
- We are having a hard time finding someone for the Part Time Ranger position. Mayor Pro Tem Miller asked if it would be easier to hire a full time person, based on last year. He said he would rather do that than not have one and if something happened to Shannon, someone would be there to step in. Mr. Owens said we could add another \$45,000 to the \$15,000 already in the budget for the part time position to make it a full time position. He said if we end up with just Shannon, we will stagger his hours more. Mayor Mills said everyone needed to give it more thought because one of our major complaints is not having enforcement.

PARKS AND RECREATION PROGRAMS by Mr. Owens

- Really nothing in this budget. We will start getting back to some of the normal programs. It's usually money in – money out for the most part.

PARKS AND RECREATION PARK MAINTENANCE by Mr. Owens

- We added \$20,000 to repair the Park Stage.
- \$9,000 for Summer Rest Road Landscape Maintenance. Mayor Mills asked about our agreement with the City of Wilmington. Mr. Owens said they don't come as often as we need for them to come. Mayor Mills asked if we could send them a bill. Mayor Pro Tem Miller suggested getting Mr. Edes involved.
- Alderman Partin asked about adding some trees to the median on this side of the drawbridge. Mayor Pro Tem Miller said he thought Jim Freeman was coming back with a tree program. Mayor Mills asked Mr. Owens to touch base with Mr. Freeman to see what we have – to avoid any redundancy.
- \$3,500 for normal dock repairs at Wynn Plaza. If we decide to keep the big Wynn Plaza Project in the budget, we will not spend this money.
- \$19,000 to replace a mower. (\$17,250 from CIP)
- \$7,000 for 2012 Gator replacement.
- \$5,000 for Greensboro Play Equipment.
- \$10,000 for truck replacement.
- \$10,000 for playground surfacing.
- \$5,000 for WB Loop Improvement License Plate Fund.

PUBLIC WORKS – WATER by Mr. Owens

- \$300,000 for the Complete Meter Change-out and Conversion can come out. We funded that project at our last meeting.
- \$12,000 in Capital Outlay to replace a trailer.
- \$5,000 for a Quick Connect Coupler and Grading Bucket.
- \$250,000 in Transfer to W/S Capital Reserve for waterline replacement.
- \$30,000 in Transfer to W/S Capital Reserve to replace three vehicles. (\$10,000 for each.)
- \$50,000 in Transfer to W/S Capital Reserve to replace a John Deere Backhoe.

Alderman Partin asked how much it would cost us to fund the credit card fees in the Parking Department. Mr. Owens said we have been charging those fees in our front office but they just started charging them in the Parking Office. Mayor Pro Tem Miller said the problem is that we were not charging that fee in the past. He noted that people had the option of paying with a check to avoid that fee.

PUBLIC WORKS – STORM WATER by Mr. Owens

- \$100,000 in Transfer to W/S Capital Reserve for continued storm water projects.
- Mayor Mills asked how many backhoes Public Works needed. Mr. Squires replied, "We have two; Streets Department has one and Water and Sewer has one." Mayor Mills asked if they were interchangeable. Mr. Squire replied, "Possibly." Mayor Mills said, "In this budget, we are putting money aside for two new ones; do we need two new ones?" Mr. Squires replied, "We probably could get away with one. They are staggered; one is in CIP and one is for purchase this year."
- \$300,000 in Capital Outlay for a JetVac Truck. Mr. Squires said, "Currently, it takes four pieces of equipment to operate this one function."

Alderman Dull said our health insurance budget seems to be going up a lot. He said he would like to see what our costs have been. Mr. Owens said we have historically programed in 10% because we don't know what it will be. Alderman Dull asked Mr. Owens to bring real data to the next meeting.

REVENUE by Mr. Owens

- Alderman Dull said, “I think we’re being a little aggressive on parking.” Mayor Mills said, “Historically, we’re one storm away from wrecking the parking budget. So we’ve tried to be extremely conservative. I think we use our increase in parking rates as a percentage over what we’ve done historically. Historically, we budgeted in 2.5 or 2.8 – maybe we bump that up 35 or 40% like we did parking rates. I don’t know that we can count on raising the projected \$5 million.” Mr. Owens noted that the parking company was projecting \$6.1 million. Mayor Mills pointed out that they would not guarantee that. He expressed the need to back off of that a little.
- Alderman Dull said, “We’re asked to put more money in the sand fund and I understand that we need to look at increasing the parking budget to at least offset that.” Mayor Pro Tem Miller said, “We need 100% to make the numbers work and 100% is not going to happen. They’re predicting an active hurricane season this year.” Mayor Mills said, “There’s a possibility that civil penalties may come down because with the new pay system, people are paying and we may not have as many late payment penalties. Taking all that into consideration, let’s take another look at the numbers.” Mr. Owens said he would put something together for the next meeting.
- Mayor Pro Tem Miller referenced the tax increase and said, “I hear you on the sales tax and I think we have to be cognizant and aware of that. From a resident’s standpoint, I have said we would do everything we can to be revenue neutral. Everybody is keenly aware this year on taxes because of what the County’s tax valuation was. So, I would like to try to keep it revenue neutral.” Alderman Partin agreed. Mayor Mills agreed and said Mayor Pro Tem Miller’s point was well taken.
- Alderman Dull asked about interest on investments. Mr. Owens said, “We did some things to up that interest. I think we’re going to get in \$100,000-ish. Mrs. Norton said, “First Citizens Bank was nice enough to give us the 1% on all of our CIP funds. They did come back to us and say they cannot continue to do that. We’re bringing far less in interest now than we did in the past. Also on all of our funds that are with the North Carolina Capital Management Trust – we’re seeing the same thing.” Alderman Dull suggested going to Live Oak Bank because they have a good money market. Mr. Owens said he would look into their CDs.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, THE BUDGET WORK SESSION WAS ADJOURNED AT 10:08 A.M.

Respectfully submitted,

Sylvia J. Holleman
Town Clerk