

**TOWN OF BURGAW BOARD OF COMMISSIONERS
BUDGET WORKSHOP**

DATE: May 10, 2018
TIME: 4:00 PM
PLACE: Burgaw Municipal Building
BOARD MEMBERS PRESENT: Mayor Kenneth Cowan
Mayor Pro-tem Wilfred Robbins
Commissioners Jan Dawson, Bill George, Vernon Harrell and James Murphy
STAFF PRESENT: Joseph Pierce, Town Manager
Sylvia W. Raynor, Town Clerk
Zachary Rivenbark, Town Attorney
Alan Moore, Director of Public Works
Louis Hesse, Building Inspector
Jim Hock, Chief of Police
Clay Jasper, Deputy Fire Chief
Wendy Pope, Finance Officer
Karen Dunn, Planning Administrator
Kim Rivenbark, Flood Plain Administrator
Kristin Wells, Deputy Clerk
Zachary White, Parks/Recreation Coordinator
MEDIA PRESENT: None

Mayor Cowan called the meeting to order at 9:00AM.

Joseph Pierce, Town Manager presented a PowerPoint presentation (below) in conjunction with a prepared overview (below) that has been presented to the Board and staff.

The image shows four slides from a PowerPoint presentation. Each slide has a blue and orange background with a circular seal of the Town of Burgaw, North Carolina, in the bottom right corner. The seal features a building and the year 2011.

- Slide 1: Title Slide**

**Town of Burgaw
Budget Workshop
for
FY 2018-19**
May 10, 2018
- Slide 2: Introduction**

Introduction
Mayor Cowan and Members of the Burgaw Board of Commissioners:
In accordance with the NC Local Government Fiscal Control Act, the recommended budget for Fiscal Year 2018-2019 is presented for your consideration. The budget document represents balanced revenues and expenditures.
The General Fund operating budget includes revenues and expenditures each totaling \$4,032,220.
The property tax rate is recommended to remain at the current rate of \$0.46 cents per \$100 of valuation and \$.01 cent generates approximately \$29,290.
- Slide 3: Highlights of the FY 2018-19 Budget**
 - ▶ No proposed increase in:
 - ▶ ad valorem tax
 - ▶ water or sewer fees
 - ▶ solid waste garbage fees
 - ▶ solid waste recycling fees
 - ▶ Cost of Living Allowance(COLA) of 2% for employees
 - ▶ One part time employee as a Customer Service Representative. (funded from the water fund).
- Slide 4: Highlights of the FY 2018-19 Budget (cont.)**
 - ▶ Health Insurance Renewal - 4.5% increase to \$665 per employee
 - ▶ Dental - no increase, flat
 - ▶ Workers Compensation Insurance Renewal = 11% decrease - Annual Premium = \$35,600
 - ▶ Four-year history of W/C Premium reduction:
 - FY 2017-18 - \$40,000
 - FY 2016-17 - \$58,100
 - FY 2015-16 - \$81,186

Proposed Revenues (FY 2018-19)

Revenue	% Change (FY 2017-18 to FY 2018- 19)	FY 2017-18 Budgeted	FY 2018-19 Budgeted
Ad Valorem	1.1%	\$ 1,332,515	\$ 1,347,359
Local Option Sales Tax	4.2%	\$ 827,551	\$ 862,198
Hold Harmless	-1.5%	\$ 271,597	\$ 267,595
Room Occupancy Tax	-22.2%	\$ 9,000	\$ 7,000
Utility Franchise Tax	-5.0%	\$ 198,900	\$ 189,000
DOT Railway Reimbursement	0.0%	\$ 12,000	\$ 12,000
ABC Distribution	2.2%	\$ 46,000	\$ 47,000



Proposed Expenditures (FY 2018-19)

- ▶ **General Fund = \$4,032,220 (3.2% increase)**
 - ▶ FY 2017-18 = \$3,908,236
 - ▶ Net increase of \$123,984 (3.2% increase)
- ▶ **Water/Sewer Enterprise Fund = \$1,678,000**
 - ▶ FY 2017-18 = \$1,826,304
 - ▶ Net decrease of \$148,304 (8.8% decrease)
- ▶ Expenditures adjusted to meet the revenues.
Decrease largely tied to potential increased rate for treatment



CIP and other Significant Expenditures for FY 2018-19 Infrastructure

Item	Estimated Cost
Depot Dock Boards (Planning)	\$5,000
Aging storm water Drainage Pipe (PW)	\$10,000
Storm water drainage pipe Durham's House (PW)	\$10,000
Yard site debris removal (twice per year) (PW)	\$25,500
Sewer Manhole Rehab (1ft) (PW)	\$10,000
Upgrade SCADA at Lift Stations (PW)	\$31,000
Contract for Pretreatment Coordinator (PW)	\$4,500



CIP and other Significant Expenditures for FY 2018-19 Equipment

Item	Estimated Cost
Town Clerk Computer Replacement (Admin)	\$1,840
SCBA Equipment (3 of 3) (FD)	\$40,000
Fire Engine Purchase (FD)	\$306,000
Planning Computers Replacement (Planning)	\$4,000
Police Tablets (PD)	\$6,768
Police Computers Replacement Schedule (PD)	\$8,000
Police Rifles (PD)	\$6,000
Mini Excavator (PW)	\$37,000



CIP and other Significant Expenditures for FY 2018-19 Personnel

Item	Estimated Cost
CSR Position (water fund) (Admin)	\$13,520
Intern / Fellow (Admin)	\$10,000



CIP and other Significant Expenditures for FY 2018-19 Policy and Administrative

Item	Estimated Cost
COLA	2%
Merit Pool	\$10K
Nuisance Abatement	\$20K



Capital Purchases with FY 2017-18 Funds

<u>Capital Item</u>	<u>Estimated Cost</u>
New Holland Tractor	\$40,000
Slope Mower	\$18,000
RTV Kubota Utility vehicle	\$12,600
Public Works Security Camera System	\$3,499
F- 350 Truck	\$34,500
Sewer Camera	\$70,040
Salt Spreader	\$3,000



Unfunded CIP Priorities for FY 2018-19

<u>Item</u>	<u>Estimated Cost</u>
Depot Painting (Planning)(quotes needed)	\$8,000



Fee Schedule Changes

- ▶ **Proposed Fee Schedule Changes for General Fund Revenues:**
 - ▶ Numerous updates recommended for the fee schedule (see FY 2018-19 Proposed Fee Schedule)
- ▶ **Sewer Rates**
 - ▶ Wallace has a pending increase in rate from \$2.46 per 1000 gal. to \$2.60 per 1000 gal (6%). Beginning date is TBA.
 - ▶ Can or should increase from Wallace be absorbed or should the deficit passed on the Burgaw Customers



Personnel Costs

- ▶ Proposed merit pool(\$10,000) included in FY 2018-19 budget
- ▶ 2% COLA increase included in FY 2018-19 budget based on CPI
- ▶ FY 2018-19 budget includes one new part-time employee (CSR)
- ▶ Fitness Instructor Status Change



Fitness Instructor Status Change

- Option 1:**
- ▶ **Transition the instructors to part-time employees** - At a rate of \$15 per hour x 208 hours per year (4 hrs per week x 52 weeks per year) = \$3,120 salary impact
 - ▶ **Benefit(s):**
 - ▶ Clearly defines the relationship between the Town of Burgaw and the Instructors
 - ▶ Reduces precedent
 - ▶ **Drawback(s):**
 - ▶ Potential W/C claim for injuries



Fitness Instructor Status Change (cont.)

- Option 2:**
- ▶ Leave the instructors in the status that they are currently in
 - ▶ Estimated \$4,000 expenditure to date
 - ▶ **Benefit(s):**
 - ▶ Town pays instructors to provide service
 - ▶ **Drawback(s):**
 - ▶ Sets precedent



Fitness Instructor Status Change (cont.)

Option 3:

- ▶ Transition the instructors to contractors
- ▶ Establish a profit split between the instructors and the Town.
 - ▶ 70/30 Example: Instructor has 10 students who sign up and pay \$10.00 for a class. Based off of attendance sheet, instructor keeps \$70 and Town keeps \$30.
- ▶ Benefit(s):
 - ▶ Clearly defines the relationship between the Town of Burgaw and the Instructors
 - ▶ Reduces precedent
- ▶ Drawback(s):
 - ▶ Based on honor system



Summary

We worked very hard to present a recommended Annual Budget that is balanced, protects the investments made in the past, fosters a work environment that ensures the safety of those who serve the Town, and provides for services as economically and efficiently as possible.

Town departments requested new and additional funding for a variety of programs and services. Many of the requests were reasonable, yet the available dollars to help everyone were very limited.

Respectfully submitted,

Joseph Pierce
Town Manager



What's Next?

- ▶ **Public Hearing and Adoption of the FY 2018-19 Budget:**
 - ▶ June 12, 2018 at the Board of Commissioners Meeting at Town Hall at 4:00pm.



Availability of Proposed FY 2018-19 Budget

- ▶ The proposed budget will be available online at the Town of Burgaw website on Monday - May 14, 2018.
- ▶ A detailed copy of the Proposed Budget will also be available in the Town Clerk's Office for Public Inspection.



Date: May 10, 2018
To: Mayor Kenneth Cowan and Members of the Board of Commissioners
From: Joseph Pierce, Town Manager
Re: Fiscal Year 2018-2019 Budget Message

INTRODUCTION

In accordance with Chapter 159-11 of the North Carolina General Statutes, I am pleased to submit the proposed Fiscal Year 2018-19 Annual Budget Ordinance for the Town of Burgaw. The proposed budget continues last year's tax rate of \$0.46 cents per \$100 of valuation and based on current valuations, .01 cent generates approximately \$29,290.

Highlights of the FY 2018-19 budget include the following:

- No proposed increase in ad valorem tax
- No proposed increase in water or sewer fees
- No increase in residential solid waste trash fees
- No increase in residential solid waste garbage fees
- No increase in residential solid waste recycling fees
- A 2% cost of living allowance (COLA) increase for eligible town employees
- A \$10,000 merit pool for eligible full time permanent employees
- A recommended increase in one part time employee as a Customer Service Representative. This position can be funded from the water fund.
- Fund balance appropriations are made for general fund expenditures for the following purposes:
 - \$306,000 for a new Fire Department apparatus
 - \$45,500 for sanitation and drainage improvements
 - \$5,000 Depot sock board replacement
 - \$6,000 Police Rifles
 - \$4,000 Planning Department computers
- A 4.5% increase in health insurance
- No rate increase in dental insurance
- An estimated 11% decrease in workers compensation insurance, which will result in a decrease of \$4,400 in annual premium

REVENUES AND EXPENDITURES

Estimated revenues for FY 2018-19 were based on conservative estimates in view of the modest growth in ad valorem, Powell Bill, and sales tax revenues. For the next fiscal year, the ad valorem levy is expected to increase 1%, the Powell Bill is expected to remain flat, and the sales tax revenues are expected to increase by just over 4%.

A significant portion of the revenue sources within those line items, are expected to remain relatively flat. A few that are anticipated to increase or decrease over prior year estimates are outlined below:

Revenue	% Change (FY 2017-18 to FY 2018-19)	FY 2017-18 Budgeted	FY 2018-19 Budgeted
Ad Valorem	1.1%	\$ 1,332,515	\$ 1,347,359
Local Option Sales Tax	4.2%	\$ 827,551	\$ 862,198
Hold Harmless	-1.5%	\$ 271,597	\$ 267,595
Room Occupancy Tax	-22.2%	\$ 9,000	\$ 7,000
Utility Franchise Tax	-5.0%	\$ 198,900	\$ 189,000
DOT Railway Reimbursement	0.0%	\$ 12,000	\$ 12,000
ABC Distribution	2.2%	\$ 46,000	\$ 47,000

The Town of Burgaw’s employee health insurance renewal quote reflects a 4.5% increase for FY 2018-19. No changes to the coverage levels or deductibles are proposed for the health insurance based on the renewal quotes provided.

In regards to workers compensation insurance our renewal quote reflects an 11% decrease from the premium paid in FY 2017-18. The town has been successful at reducing worker compensation premiums by more than 60% in the last 3 years. The renewal decrease is a reflection of the reduced claims in the Town.

CAPITAL IMPROVEMENT PLAN

In February 2017, the Board of Commissioners held a Capital Improvement Plan (CIP) Planning Session to discuss the capital priorities for the next five years. The product of that meeting was a CIP established to serve as a guide during the budget process for the five subsequent years. For FY 2018-19 the following capital purchases and priorities were budgeted for:

<u>Capital Item</u>	<u>Estimated Cost</u>
• Depot Dock Boards	\$5,000
• Police Tablets	\$6,768
• Police Computers Replacement Schedule	\$8,000
• Town Clerk Computer Replacement Schedule	\$1,840
• Planning Computers Replacement Schedule	\$4,000
• Aging storm water Drainage Pipe	\$10,000
• Storm water drainage pipe at Durham’s House	\$10,000
• Yard site debris removal (twice)	\$25,500
• Police Rifles	\$6,000
• Fire Engine Purchase	\$306,000
• Sewer Manhole Rehab (I&I)	\$10,000
• Mini Excavator	\$37,000
• Upgrade SCADA @ Lift Stations	\$31,000
• SCBA Equipment (3 of 3)	\$40,000
• Depot Interior Paint	\$8,000
• Contract for Pretreatment Coordinator	\$4,500
• Intern/ Fellow	\$10,000
• COLA	2.0%
• Merit Pool	\$10,000

The following items were purchased with funds from FY 2017-18:

<u>Capital Item</u>	<u>Estimated Cost</u>
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• New Holland Tractor with loader and blade	\$40,000	
• Slope Mower		\$18,000
• RTV Kubota Utility vehicle	\$12,600	
• Public Works Security Camera System	\$3,499	
• F- 350 Truck		\$34,500
• Sewer Camera with push camera and locator	\$70,040	
• Salt Spreader		\$3,000

FUND BALANCE

In FY 2009-10 the Board of Commissioners established a goal of retaining a fund balance goal of 25% of the town’s annual operating expenses. Based on numbers provided (as of June 30, 2017) by the Town’s auditing firm, S. Preston Douglas & Associates, LLP, it is estimated that the water and sewer fund spendable net position is \$2,523,507 and the fund balance for the general fund is 99%.

SUMMARY

In summary, the proposed FY 2018-19 budget insures the personnel and resources are retained to sustain the high level of services the residents have come to expect of the staff for the Town of Burgaw. This year the Town has continued its concerted effort of exploring innovative ways to reduce operating costs within its various departments. Over the last several years the Town has undertaken several proactive cost-cutting measures that have enhanced the sound financial standing the Town has commonly been known to possess. These measures have provided the Town with the ability to maintain the rate of ad valorem taxes with no expected increase, while maintaining the current level of service.

Respectfully submitted,
Joseph R. Pierce
Town Manager

Upon completion of the Mr. Pierce’s presentation, there was much discussion regarding the fitness instructors and recommended changes in the way they are compensated. Attorney Rivenbark advised in his opinion Option 3 is the best choice and the most beneficial to the town. After more discussion, the Board was in agreement to have Attorney Rivenbark review the options and bring back a recommendation at the regular Board of Commissioners meeting.

Karen Dunn, Planning Administrator

Ms. Dunn presented an update on the pedestrian and road improvements that have been ongoing and recently requested by the Board to be looked into further. Ms. Dunn presented a PowerPoint presentation regarding crosswalks, pedestrian activated flashing beacons, signage, bulb-outs, ADA ramps, sidewalks, traffic flow improvements, etc. She advised she has met with NCDOT Division 3 engineers during several site visits to look at areas of concern. Ms. Dunn requested that the Board consider review of these projects and prioritize the areas that they favor to start working on improvements.

Ms. Dunn advised that the re-write of the UDO is coming up and she requested that the Board consider contracting with the Council of Governments to review the final draft and do some graphics for the updated UDO at a cost of \$90.00 per hour not to exceed \$10,000. She said depending on how fast the re-write moves forward she may be asking for funding later for the review and graphics.

Mayor Cowan asked the Board to take the improvement recommendations from Ms. Dunn into consideration and bring back their priorities for the next board meeting.

Jim Hock, Chief of Police

Chief Hock spoke briefly about the need for rifles. Chief Hock said that currently each officer carries his own personal rifle. He advised he is requesting six rifles in FY 18-19 and six rifles in FY 19-20. Commissioner Robbins was in favor of purchasing the twelve rifles that are needed because he doesn’t feel we need to compromise safety by not having what is needed. After discussion, the Board was in agreement to move forward with purchasing six rifles now in the current fiscal year from fund balance and purchase the other six in the upcoming year.

Commissioner Harrell asked about the Health and Wellness Incentive. Chief Hock presented a PowerPoint presentation giving an overview of the program. Chief Hock said health and wellness is a very important of law enforcement. He presented statistics that represent health issues incurred by law enforcement due to the day to day requirements of the job.

Mayor Cowan commented that officers can receive grants to pursue grants for furthering their education at the community college level. Chief Hock stated that he has a couple of officers that are interested in furthering their education.

Chief Hock spoke briefly regarding uniform needs, tablet and computer needs etc.

Final Comments

Mr. Pierce advised we have presented a balanced budget. He advised the public hearing for approval of the budget will be held at the regular meeting on June 12.

Commissioner Harrell asked Mr. White about the \$1,000 budgeted for a New Year's Eve celebration. Mr. White explained this is a kid friendly event that will be held at 7PM. It is being held early so the children can go home and get to bed earlier than if it was at midnight. Commissioner Harrell commented that he is more interested in programs that have a long term benefit or ongoing programs with a direct benefit for the residents. There was a lengthy discussion about the kinds of programs that Commissioner Harrell wants to have. Mr. White also advised he is working with Pender County to have some ongoing programs. He commented that we don't have a facility for long term events. Commissioner Harrell said if we are going to spend \$1,000 on a one time program he would rather put that money on an ongoing program. Mayor Cowan said he is in favor the New Year's event and if necessary the Blueberry Festival could commit some funding for the event. Commissioner Robbins said he supports the New Year's Eve event and he would like to see some long term events as well.

Mayor Cowan called for a five minute break at 11:04AM.

Louis Hesse stated there was a roof leak at the old jail again. He said that the tourism office was flooded but the other rooms seem to be okay. Mr. Hesse advised he has found an issue that is causing the flooding behind the downspout. He said the roof has been on the CIP list for a while now but time has come to do a replacement. He advised Needham Hall has looked at the roof and has given a price of \$12,000 plus more to fix the downspout area. He said \$15,000 should take care of it. After much discussion, the Board was in agreement to start the process of repairing the roof on the old jail but wanted Mr. Hesse to get some more bids and bring those back later. Ms. Pope commented that if they can hold off until after July 1, it will make the budgeting process much easier. Mr. Hesse asked if the Board could be polled with the results of the bids and move forward with the roof repair. Mayor Cowan said he would like to ask the county manager if they would be willing to help with the cost. He advised Mr. Hesse to wait until he speaks to Mr. Woodruff and after that time if necessary the Board can move forward.

Mr. Hesse said the roof at the bank building has been leaking as well and will need to be repaired. Mr. Hesse advised that Mr. Hall has looked at the roof and advises a new roof is needed and would cost \$28,760. Mr. Hesse said we need to get the roof repaired before we have bigger issues including mold issues.

Mr. Hesse advised he has done research on replacement of the lights on the courthouse square. He spoke at length regarding the options. His final recommendation was to stay as we are with the \$11,000 per year contract with Duke Energy and Duke Energy will do some upgrades to improve the lighting by adding LED bulbs and new fixtures. Mayor Cowan said it makes sense to not try to do this on our own and to continue with the contract. Mr. Hesse advised he will get with Duke Energy and work things out.

Mayor Cowan commented that he and Commissioner Murphy have discussed the triangle area at Timberly Lane and Bridgers Street which is overgrown with vegetation. He said even though it is on NCDOT right of way, it is the gateway to the Town and needs to be cleaned up. He said he has asked Mr. Moore to see seek permission from the State to clean up that area.

There was a brief discussion regarding the on-going paving issues.

Commissioner Robbins requested that Kim Rivenbark get with Emily Baker to work out the needs for the sound equipment at the depot because the system does not work well. Ms. Rivenbark advised she has spoken with Mr. Harvey to see if he has any ideas. Mayor Cowan said Ms. Baker may have some information.

There being no further discussion, Mayor Cowan declared the meeting closed at 11:55AM.

Kenneth T. Cowan, Mayor

Attest: _____
Sylvia W. Raynor, Town Clerk