

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

DATE: May 28, 2014
TIME: 9:00AM
PLACE: Burgaw Municipal Building
BOARD MEMBERS PRESENT: Mayor Eugene Mulligan
Mayor Pro-tem Howard Walker
Commissioners Jan Dawson, Wilfred Robbins, Charles Rooks and Elaine Tyson
STAFF PRESENT: Chad McEwen, Town Manager
Sylvia W. Raynor, Town Clerk
Robert Kenan, Town Attorney
Bill Fay, Director of Public Works
Louis Hesse, Building Inspector
Ashley Loftis, Finance Officer
Rebekah Roth, Planning Administrator
Montrina Sutton, Chief of Police
William George, Fire Chief
Clay Jasper, Battalion Chief
INVOCATION: Howard N. Walker, Jr., Mayor Pro-tem
PLEDGE OF ALLEGIANCE: All

The meeting was called to order by Eugene Mulligan, Mayor at 9:00AM. Mayor Mulligan turned the meeting over to Chad McEwen, Town Manager for the presentation of the proposed FY 2014 – 2015 budget. Mr. McEwen presented the following power point presentation regarding the proposed budget.

**Budget Workshop for the
Proposed Budget FY 2014-2015**

May 28, 2014

Revenues (Year to Date)

- No major discrepancies between budgeted and year to date actuals
 - Ad Valorem-Prior Yr-lower than expected and lower than the five year trend
- Filming Fees
 - Budgeted \$26k in FY 13-14- actual will be conservatively \$120k+
 - 4th largest Unrestricted GF revenue source
 - Only Ad-Valorum, Sales Tax, Hold Harmless are larger
 - Likely to be \$50k less than actual in FY 12/13
 - \$40k budgeted for FY14/15

Insurance Renewal Costs

- **Property and Casualty Renewal- Increase of 5%**
- **Health Insurance Renewal-Increase of 4.6%**
 - Helped by low utilization
 - Changes in Coverage due to ACA
 - Discontinued Wellness Program administrated by First Carolina Care
 - Higher deductible
 - Lower Co-pay for Employee
 - Lower Maximum out-of-pocket for Employee
 - Slightly higher medication plan
- **Workers Compensation Insurance Renewal- 20%**

Personnel Costs

- Personnel Cost increased by 3.4% for FY 14/15
 - **Includes**
 - A net gain of 1-2 FTE positions (BFD)
 - Proposed 2% COLA as part of FY 14/15 budget
 - Actual cost equals \$39,816
- Proposed 1% Merit (\$27,845) not included in this number

Proposed Budget Overview

- No Appropriated Fund Balance Needed to Balance Budget for General Fund or W/S
- No Tax Increase-
 - Current Ad Valorem Rate -\$.48
 - One Cent= \$25,137

Budget Issue for Upcoming Year(s)

- Contract with County Regarding Pender Central
 - Pender Fire and EMS Merger
 - Push at the County level for substations
 - Shrinking of Pender Central due to new substations
- Situation exasperated by no clear message from County regarding these issues
- Should we take on more debt and add personnel if Pender Central and associated revenues will shrink in years to come?
- After July 1st-Ask for Mt with County on these issues

Budget Issue for Upcoming Year(s)

- Significant increase in rate charged by Wallace for Treatment
 - Proposed 10% increase in FY 14-15
 - From \$2.00/per 1000 gals to \$2.20/ per 1000 gals.
 - Real numbers
 - Last FY this would have equaled \$27,168 (\$271,680 paid) (OR)
 - 30% of the total W/S budgeted reserve

Budget Issue for Upcoming Year(s)

- Impact of Increase?
 - Will likely consume 30%-40% of W/S annual reserves
 - Nearly impossible to pay debt service for water rehab project without increasing these reserves
- Mt. w Wallace on June 2nd to discuss

CIP and other Significant Expenditures for FY 14-15

Buildings (M&R)

<u>Item</u>	<u>Estimated Cost</u>
• Upstairs Conditioning of Old Jail	\$3K-6k
• Security Upgrades to Town Hall	\$13,500
• Garage Upgrades	\$25k

CIP and other Significant Expenditures for FY 14-15 (or before)

Infrastructure

<u>Item</u>	<u>Estimated Cost</u>
• Sewer Rehab (Phase 2)	\$2.1M
• Public Drainage Improvements	ONGOING
• Street Paving	\$86k
• Infrastructure Inventory	\$83K
• Water System Rehab (grant dependent)	\$1M

CIP and other Significant Expenditures for FY 14-15 (or before)

Equipment

<u>Item</u>	<u>Estimated Cost</u>
• Jetter	\$70K
• Protective Equipment for FD (4 sets)	\$10K
• One Equipped Police Cars	\$33K
• Computer Replacements (all depts.)	\$3,500
• 3000 Gal Tanker (financed)	\$240K
• PW 4x4 Service Truck	\$40K

CIP and other Significant Expenditures for FY 14-15 (or before)

Parks and Recreation

<u>Item</u>	<u>Estimated Cost</u>
• Sidewalk from to Senior Center*	\$300K

*House holding up all discretionary funding bills per Rep Chris Millis. Approved by Senate several months ago.

CIP and other Significant Expenditures
for FY 14-15 (or before)

Personnel

<u>Item</u>	<u>Estimated Cost</u>
• 1-2 FT Fireman*	\$30k-\$60k

*Doesn't include \$ already spent for PTE in FD

CIP and other Significant Expenditures
for FY 14-15 (or before)

Policy and Administrative

<u>Item</u>	<u>Estimated Cost</u>
• COLA (2%)	\$41K
• Merit (1%)	\$21K

Unaccounted for C.I.P. Items
Scheduled for FY 14-15 Consideration

<u>Item</u>	<u>Estimated Expense</u>
• Sidewalk to Hospital Along Fremont	\$40K
• Water Tank Mixers(grant dependent)	\$75K
• Lift Station at Village on 18	\$30K

Upon completion of the power point presentation there was much discussion regarding the budget.

Mr. McEwen advised the situation with Pender Central is critical due to a push for a merger with Pender EMS consolidating several fire departments and Pender EMS into one corporation. Mr. McEwen advised William George, Fire Chief and Clay Jasper, Battalion Chief are present to answer questions regarding the Pender Central situation. Chief George presented maps regarding the fire districts across the county. Mr. McEwen said at a recent meeting with the County there was discussion regarding building a substation in the Pender Central fire district. Mr. McEwen advised that it would be difficult for the Board to consent to building a substation that would primarily benefit residents outside the city limits.

Chief George reviewed the current substation locations. He advised substations reduce the fire insurance rating. He said due to complaints by citizens regarding a request for lowering their fire insurance rating, there is a push by Pender County to do away with centerline districts in which the district is divided by the yellow centerline of the road. This action could encroach on the Pender Central Fire District thereby causing loss of tax revenue. Chief George said the only answer to keeping our fire district intact is to build a substation in order to lower the fire rating for the district.

There was a very lengthy discussion regarding the fire districts, substations, proposed two cent increase in the fire tax for Pender Central and the purchase of a new fire truck. After discussion, Mayor Mulligan suggested appointing a committee to meet with Pender County regarding the issues that have been brought forth today.

Motion was made by Commissioner Tyson to form a special committee consisting of Commissioners Dawson and Rooks, the Town Manager, Town Fire Administrator and Burgaw Fire Department Fire Chief for the purposes of meeting with the Pender County Board of Commissioners or their designees regarding the boundaries of the Pender Central fire district, increased costs for providing fire protection services within the Pender Central fire district, discussion for possible fire tax increase in the Pender Central fire district and to explore the potential location of one or more substations within the Pender Central fire district. The motion was seconded by Commissioner Dawson and carried by unanimous vote.

Mr. McEwen advised he has received notice from Wallace that they are proposing a ten percent rate increase for sewer treatment charges for the next fiscal year. He said this is a significant jump. He advised we need to see proof

that this increase is justified. Mr. McEwen said he thinks we can sustain rates this year but we may have to look at a gradual increase starting next year so we don't hit our customers with a ten percent increase at once. He reminded the Board that we are just coming off a fifteen percent increase over the past five years and had hoped that we would not have an increase this year. Mr. McEwen advised this may have some effect on our plans for our water re-hab project. Mr. McEwen said he has scheduled a meeting with Wallace officials to discuss the issue.

The Board discussed the purchase of vehicles for the upcoming budget year. There was much discussion regarding the request for a 4x4 truck for public works. It was the consensus of the Board to purchase a F250 2x2 truck instead of a F250 4x4 for public works. There was much discussion regarding the number of police cars owned by the town and the request for more cars. It was the consensus of the Board to purchase one patrol vehicle for the police department.

After discussion regarding Fire Department personnel, it was the consensus to budget for one full time fire fighter instead of the proposed two. The remaining funds would be paid to part time fire personnel. Mr. McEwen said that according to Chief George and Allen Wilson the main priority for the fire department is to get the new truck.

Mayor Mulligan stated that he is not convinced that we need to purchase water tank mixers and should concentrate instead on flushing lines and maintaining lines. Commissioner Rooks stated that he would like to have more feedback on the levels of TTHM's before making the decision to purchase tank mixers. Commissioner Rooks requested that the fire department flush dead end lines frequently if possible.

RECESS – 10:40AM – 10:50AM

After the recess, Mr. McEwen first reviewed the fee schedule and then followed the budget book numerically. Below is a summary of discussion that reflected any changes in the budget as presented as well as other items not listed in the budget.

Ashley Loftis, Finance Officer reviewed the fee schedule and advised there are no fee increases. Mr. McEwen commented that we now have a consolidated fee schedule that includes all fees charged by the town. Mayor Mulligan commented that the progressive water rates seem unfair to the higher users such as industry.

During discussion regarding various fees on the schedule, Mr. McEwen advised there have been issues with the linens at the depot not being properly cleaned after use and they have become permanently stained. He requested that the linen fees be deleted and that the application reflects that the renter must provide their own linens. The Board was in agreement with this change.

Mayor Mulligan stated that \$1250 is not sufficient for advertising for the depot. Mr. McEwen stated that we need to start with printing the cards that were designed by staff and use those for advertisement. There was much discussion regarding advertisement for the depot and incubator kitchen. In relation to the advertisement of the depot and kitchen, there was also much discussion regarding the responsibilities of the newly created Promotions and Special Events Committee and the Parks and Recreation Committee. There appeared to be some confusion regarding staff responsibility as opposed to committee responsibility in advertising etc. for these areas. After discussion it was clarified that the Parks and Recreation Committee and the Promotions and Special Events Committee are responsible for bringing their ideas and requests to the Board of Commissioners and after that if the Board desires for the staff to get involved in carrying out a project, the Board will direct staff to do so. In regards to the incubator kitchen, since it is staff managed, it is the responsibility of the staff to manage and advertise the incubator kitchen.

Rebekah Roth, Planning Administrator brought to the Board's attention that she has proposed lowering the fee for an application for a conditional use permit without technical review to \$250.00 and raising the fee for an application for a conditional use permit to \$325.00 when technical review is required. The Board was in agreement to make this amendment to the fee schedule.

Mr. McEwen advised Board salaries have been increased from \$350.00 per month to \$400.00 per month for Commissioners and from \$400.00 per month to \$450.00 per month for the Mayor. Commissioner Rooks advised he

is opposed to the increase. Commissioners Walker, Robbins, Dawson and Tyson advised they are okay with the increase.

Again, Mayor Mulligan requested an increase in the advertising line item for the depot. After much discussion, it was the consensus of the Board to leave it as it is and to have the requests for more funds brought to the Board on a case by case basis. It was also suggested that the Town utilize the sign out by the street in front of the depot for advertising purposes.

Commissioner Rooks commented that once the Infrastructure Board meets and determines the priorities, he would like to make a formal proposal to obligate 75% of the film revenues for street paving. All Board members were in favor of this proposal. A motion will be made in a regular Board meeting at a later date.

Mr. McEwen advised that due to the increase in tipping fees our increase will equate to \$.17 per roll cart for garbage pickup. He advised that amount can be absorbed in our mark up without increasing our fees.

Commissioner Robbins asked about an informational sign for the front of the building or somewhere that is clearly visible to the public. After much discussion, the Board requested that Mr. McEwen check into costs of informational signs preferably an electronic sign that can be easily changed.

Adjournment

There being no further discussion, Commissioner Dawson made a motion to adjourn. The motion was seconded by Commissioner Tyson and carried by unanimous vote.

The meeting adjourned at 12:30PM.

Eugene Mulligan, Mayor

Attest: _____
Sylvia W. Raynor, Town Clerk