

**HAMLET CITY COUNCIL BUDGET WORK SESSION
HAMLET CITY HALL COUNCIL CHAMBERS
201 MAIN STREET, HAMLET, NC 28345
THURSDAY, APRIL 30 2015 – 5:30 PM**

MINUTES

Governing Body Present:

Mayor	William Bayless
Mayor Pro Tem	Johnathan Buie
Council Member	Pat Preslar
Council Member	Tony Clewis
Council Member	Jesse McQueen
Council Member	Eddie Martin

Staff Present:

City Manager	Marcus Abernethy
City Clerk	Tammy Kirkley
Police Chief	Scott Waters
Fire Chief	David Knight
WTP Supt.	Robert Brown
Zoning	Gail Strickland
Bldg & Main	Doc Sylvain
IT	Zach
Public Works	Billy Stubbs
P&R	Maurice McLaurin

Others Present: Kevin Spradlin, Pee Dee Post, Chad Guinn, Renee Grzybowski, Jennifer Turner

Call to Order. Mayor Bayless called the meeting to order.

Adoption of Agenda. The agenda was approved by Council Members Buie and Clewis. All were in favor.

Invocation. Councilman Tony Clewis offered the innovation.

Manager's Report: Updates & Emerging Issues:

Fund Balance Analysis: Budgeted and Actuals. Over the four years, we budgeted for fund balance appropriation and was to some degree less. There is no way to know what the actuals will be for this FY until the end of the year. The manager stated we are likely to borrow \$600-\$800,000 from fund balance, we hope to go under what was projected as in past years. The payments for the fire truck of 46,000 and the payment for the garbage truck of around \$40,000 was included. Mr. Preslar noted this is a disturbing trend. Marcus said he will keep an eye on the budget and would like to try to keep at a 30% fund balance. The Mayor reminded council if the fund balance goes below 30%, the LGC will come in and look at the budget.

Contributions to other Agencies:

The manager began suggesting to set the donations to all agencies at \$1,000 and to add in smaller amounts for the RC Human Relations Council, RC Sr. Games, and RC Aging Services. Mr. Preslar suggested doing an audit for the agencies; to request a copy of a plan indicating how the money will be used; and to have an application process. He stated the city can set a threshold and ensure an investigation is completed on who we are giving to instead of freely giving the money away. The manager stated the city receives letters from the requesting agencies and said we have already received letters from three agencies for next year and they include an annual budget or a breakdown of the funds. Mr. Preslar asked staff to bring back a tentative policy to go by. It was the consensus of the board to go with Mr. Preslar 's recommendation starting with next year's budget - FY15-16.

A bulldozer has been added to the capital improvements list. The cost is \$28,000-1988 model with 14 hours. The city put in a bid for the item and should know within a few days. The manager stated if we can't get the bid, the item will be put in a future budget. It was confirmed that the bulldozer will go to landfill purposes. Billy reported the landfill has to be updated yearly and that we have about 6-7 years remaining. It is in the plans for the next landfill to go on Cole Store Road, which is about 8 miles out.

Increase in Workman's Comp. about 10% - \$12,000
Property & Liability increase 12.3% - \$11,503. Additional items are being covered.
Employee Life Insurance premiums decreased a few hundred dollars
Employee Health insurance premiums increased 25.6% -\$124,567 increase
Dental insurance decreased by \$3,000 from last year. Switch from current carrier to Blue Cross/Blue Shield with same benefits. The 12 months waiting periods will be waived, which is not the current process.

Renewal cost of same program for healthcare. Current: \$481,764; Renewal BC/BS \$606,331.80 - 25.9%; Alt 3 Option \$534,238.20-10.9%. The Alt 3 Option looks fairly reasonable: pros and cons: Deductible and out of pocket max will increase by \$750; Co-Pays will contribute to out of pocket maximum; Emergency Room Co-Pay will go from \$150 to \$300; an Urgent Care cost will be \$50. Mr. McQueen confirmed the city continues to have the agreement with Sandhills Medical Center. Prescription Co-Pay will be a benefit and all Co-Pays for prescription drugs will go towards the out of pocket maximum; Preventative care is covered at 100%. This is a 80/20 plan; the city will continue to pay 100% premium.

General Fund Expenditure Summary- Recommended; \$5,139,210. Mr. Abernethy wants to meet with the public works director to find funds for beautification efforts for items council has mentioned recently. Public Buildings increase includes Capital Outlay Improvements at the library and other projects discussed in April. Council and staff discussed that there is a line item for the Buildings & Maintenance and there are also funds included within other line items for B&M issues. The Governing Body increase is for the upcoming election; Public Buildings include the maintenance and repair for the library. Council discussed the M&R of equipment line item with Mr. Sylvain. Mr. McQueen suggested in the future it will be easier to understand if all of the Building

M&R are listed in the same line item. Council agreed that Mr. Sylvain would still have the authority to code the invoices out of each departmental budget for M&R of buildings within the General Fund. Separation allowance: we currently have two officers.

Business Licenses: Mr. Preslar noted that we cannot charge but we need to continue to require a business license from all businesses. Mr. Clewis said to charge the allowable minimal fee.

Enterprise Budget Summary

Mr. Abernethy reported that this draft budget has not changed other than the increase for healthcare and such.

The manager referenced the approved Budget Work Session schedule. He asked for a deadline for a memo and a recommended budget from him and asked when council would like to adopt the budget.

Mr. Preslar said council will need to meet to meet again next week and said council needs to look at things like tax increases, raises, etc. and vote on it the budget June. Mr. Preslar asked the manager his recommendations. The manager said he has suggested a 2.5% pay increase at \$78,690, an insurance increase \$54,482 increase in increase. Jill Dickens confirmed the alternate insurance premiums are reflected in the proposed budget today. Mr. Preslar said the budget needs to be skimmed down and that council should start looking at decreasing items now.

The manager began with reviewing the revenues in the General Fund. He said \$1.68 million in property taxes are projected for 2015 of the \$1.7 million total taxes. Jill Dickens clarified that concessions and gate funds are listed per the actuals and said it is not a guessing game; she said the water department manually calculated the amounts.

Expenditures and Revenues for sports and the museums were discussed. Council discussed the issues with people taking funds home with them from concessions and gate collections. They talked about issues with the size of the drop-box and it not being of an adequate size needed. The manager said these issues can be handled at the management level. The decrease in RCC Police Security was discussed. Mr. Preslar and McQueen agreed that council needs to research the idea of increasing the sports' registration rates to help make up for the revenue loss in gate fees.

Mr. McQueen asked how much of the funds have been earmarked out of the gate and concessions to go back into Park and Recreation. Marcus confirmed everything goes back into the General Fund Revenues. Mrs. Dickens then explained that all revenues go into the General Fund, i.e.: the Sr. Center State Appropriation funds. She reported that funds cannot be earmarked; she stated expenditures and revenues are separate. Mr. Buie suggested seeing what Rockingham charges for registration fees and being competitive with same.

Mr. McQueen agreed that another meeting will be needed before council can agree on a budget. He then asked the fire chief about getting a list together to see if the \$24,000 revenue from Dobbins Heights is covering what we are spending for said coverage. The issue of the loss of gate revenues presented again and Mr. Martin stated that the issue has been discussed and voted on, and the

matter is over. Mr. Buie said if Mr. McLaurin's concerns about not collecting at the gate are about security, then to go back and look what the city did in the past before the department started collecting gate fees. The manager suggested we may need to look at maximum people allowed for the fire marshal at the gym. Mr. Buie suggested having the coaches to hold their teams outside before the playing teams leave the gym. Mr. McQueen said council is not trying to target a class of people who cannot afford to go and pay at the gym; he said this is an unknown and if the entrance fee of .50 causes a problem, council will have to look at it and come up with something else. Mr. Buie stated the city needs to place signage on the hill by the gym indicating that children under a certain age cannot be dropped off without a parent or adult. Mr. Preslar suggested children under the age of 12 needs a guardian. Mr. Martin noted that Rockingham doesn't charge and they do not experience any of the problems being addressed and said if problems arise council will address them.

Mr. Preslar stated he is going to bring up the elephant in the room and ask why council had to borrow an extra \$500,000 to balance the budget last year. The finance officer said it was a combination of things that started the year before, such as: the loss revenue of \$40,000-50,000 in the gaming machine business; the COPS Grant, which paid for an officer for a certain amount of that and has expired and the city now pays for the position; the fire truck payment of \$46,000, the garbage truck payment of \$47,000; employee raises and FICA; increase in insurance premiums; increase in attorney's fees, to name a few. Mr. McQueen asked if the city lost any money off of the A&P Building and it was reported by staff that it was their understanding that for reasons of non-profits or the like, a tax loss was not realized from the sale of the A&P Building. Mr. McQueen stated the only thing this current council added was a fire truck payment. Mr. Preslar added that the payout for the Canine officers was \$30,000. Mrs. Dickens reported the attorney's fees have tripled this past year and Mr. McQueen noted that the attorney has saved the city a lot of money in many areas in return.

Mr. Abernethy recommended going back to the drawing board and to tell the department heads to make more cuts. Mr. Buie said he doesn't know where staff is going to be able to cut and said that he will take the heat because staff has to have the needed equipment to do their jobs and said that the city has to pay staff in order to retain them. Mr. Buie said the budget has been cut to death and suggested looking at other areas that do not bring in the same kind of revenue. Buie said we are worried about losing \$17,000 of gate collections at Park & Recreation but we're spending \$130,000 per year at the Depot and he doesn't know what is spent at the Tornado and the Visitor's Center. He said maybe council needs to look at the museum area. Mr. Preslar told Mr. Buie to shut the museums down if Buie is saying that's what needs to be done; Preslar reminded Buie he is talking about quality of life. Mr. Martin said he supports Mr. Buie. At this time, Mr. Buie and Mr. Preslar exchanged comments in a heated tone and Mr. McQueen suggested the Mayor to gain control of the meeting and said that comments being made should be called out of order. Preslar replied to McQueen's comment. Buie asked how the quality of life for the youth was any less important than the quality of life for the visitor's of the museums. Mayor Bayless said at this point we do not know what the final figures for this fiscal year will be; however, we have to over appropriate from the fund balance.

Mr. Preslar asked the manager for his recommendation for the health insurance. The manager said Option 3 because of the decrease from the first option. Mr. Preslar said the manager needs to decide on what to recommend for salary increase and Mr. Abernethy explained that the increase should be part Merit and part COLA; he explained to do a Merit increase and to move to another step in pay it will take a 2.5% increase. Council Members Buie, Martin and McQueen all agreed to a 2.5% increase.

Mr. Preslar said he would like to see an option for a one-time bonus and to also see what the city has done as an increase or bonus over the past 10 years. Mr. Clewis said we need to look at everything because if the fund keeps going down, we will be forced to do something. Mr. Clewis noted where the city is at and agreed to give it a step increase, but said next year, council will need to look at the budget good and hard. Mr. Clewis said there may not be a raise next year, it may be a bonus. Mr. McQueen noted if you're going to raise taxes, you're only going to get so much and to look at eliminating services. He said over the years, departments have been added to the budget and you can't take it back.

The Mayor said the employees are constantly working at not spending the funds budgeted and that they do a good job. Jill Dickens reported if nothing is done within the General Fund, \$572,000 will be there next year for normal operating expenses if we don't cut services or do something. She said it's a trend and it continues to climb. The manager noted with everything he has heard, revenues are on the rise but it's risky to take statewide estimates and apply it to our budget.

Council then reviewed the draft budget by each department

Administration: The increase in salary; travel & training increase is for the clerk's training; council agreed to cut the misc. expenditures down to \$5,000.

Depot & Museum Complex: Professional services were cut by \$3,000; cut the salary to \$38,900. (This is a \$2,000 decrease from the proposed budget)

Public Buildings: Professional services were discussed. **Capital Outlay:** Mr. Preslar asked if we can wait and see what the actuals are before buying the van. Mr. Buie agreed to look at in November and do a budget amendment. Johnathan Buie suggested looking at a lockbox to secure the items in Doc's truck. Council directed Doc to continue looking for a van and agreed that the request will be looked at in November.

Police: 12 new tasers are included in the proposed budget. The chief noted the HPD has applied for a grant to help with this purchase. Mr. Clewis suggested not replacing the K-9's when they age out and he gave an example of the county's K-9's being utilized during a recent incident at his shop.

Fire Department: The draft budget reflects a decrease in part-time salary. The fire chief stated he may have an idea for fire fees. Fees per structure and taxes haven't increased since 1996. The manager noted staff will start researching it.

Sanitation: Mr. Preslar stated council needs to consider raising the garbage pick-up fees. Mr. Clewis suggested seeing what Hamlet's actual cost is for picking up garbage and making sure we at least break even. The manager will see what others are charging and bring back to council.

Senior Center: Council discussed that the center needs to regain the certification for a Center of Excellence and that training will be needed. The manager will look at the training line item and see if it needs to be increased.

Recreation: Jill Dickens reported that Parks & Recreation is not self-sufficient; she said the department is maintained by tax payers and registrations. Staff will come back with increased fees for all sports except cheerleading.

Horticulture: Council will wait to look at the earlier mentioned \$1,000 for beautification efforts until November.

Non Departmental: Façade Grant of \$5,000. Council discussed removing this item. The manager confirmed that he will implement the program if need be. Council then discussed the funds the city contributes to the library.

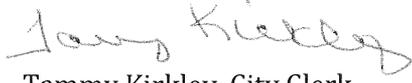
Contributions to Other Agencies: Mr. Preslar stated he doesn't like the idea of giving other people's money away but said it's something that's already been started. Mr. McQueen said he doesn't see how council can do anything about the donations to other agencies until the city finishes their obligation to Discovery Kids; he said this is an area we can look at after this donation has been completed. Council agreed to leave the \$1,500 for New Horizons and Crime Stoppers. Tony Clewis said to take the three smaller additional requests and look at in November. The \$100 was added for the RC Humans Relation Council.

Cuts off of the proposed budget total approximately \$29,900. Pat Preslar noted that this tells council that they are going to have to look at fees and services. Council discussed the date the budget and message will need to be presented to council and that it needs to sit 30 days before adopting. Council stated that the manager needed to present the proposed budget with the message at the May meeting and approve it during the June meeting.

Mr. McQueen suggested tabling the other items until the next meeting in order to allow enough time for discussions. Mr. Preslar said council is going to have to look at revenues and services. It was the consensus of council to meet again on Wednesday, May 6, 2015 at 5:00 pm.

Recess of Meeting: At 9:05 pm, Council Members Buie and Clewis motioned to recess the meeting until Wednesday, May 6, 2015, at 5:00 pm, at Hamlet City Hall. The vote passed unanimously.

Respectfully submitted,


Tammy Kirkley, City Clerk

