

**HAMLET CITY COUNCIL BUDGET WORK SESSION
HAMLET CITY HALL COUNCIL CHAMBERS
201 MAIN STREET, HAMLET, NC 28345
THURSDAY, MAY 28, 2015 – 5:02 PM**

MINUTES

Governing Body Present:

Mayor	William Bayless
Council Member	Pat Preslar
Council Member	Tony Clewis
Council Member	Jesse McQueen
Council Member	Eddie Martin

Absent:

Mayor Pro Tem	Johnathan Buie
---------------	----------------

Staff Present:

City Manager	Marcus Abernethy
City Clerk	Tammy Kirkley
Finance Officer	Jill Dickens
HR	Edna Cumberland
Police Chief	Scott Waters
WTP Supt.	Robert Brown
Zoning	Gail Strickland
Bldg & Main	Doc Sylvain
Public Works	Billy Stubbs
Calvin White	
Richard Lassiter	

Others Present: Chad Quinn

- 1. Call to Order.** Mayor Bayless called the meeting to order and entertained setting a date to hold a Special Meeting to address issues of employee leave time that have been previously discussed. He reported that staff met with a representative from the North Carolina League regarding the employee time issue and the representative confirmed that most agencies are getting a day for a day. The Mayor said holiday time is not governed by Fair Labor's Standard Act and it is not a "must have"; he said council cannot change anything that has been done in the past but there are a high number of hours built up by employees who need to start working down their time.

The Mayor welcomed comments of council and it was the consensus to hold a separate meeting to discuss the employee time issue.

At the Mayor's direction, Mr. Abernethy proceeded to present the official Budget Message per NCGS 59-11. He reported the budget balances at \$7,824,575.

2. **Invocation.** Councilman Clewis offered the innovation.
3. **Adoption of Agenda.** The agenda was approved as presented by Council Members Martin and McQueen. The vote passed 4-0.
4. **Comments from Attendees.** None were presented.

The manager continued with delivering the Budget Message. The FY 2015/16 Outlook was reported as follows:

General Fund	\$4,982,360
Powell Bill	\$244,915
Enterprise	<u>\$2,597,300</u>
	\$7,824,575

(A copy of the Budget Message is attached hereto as a part of the minutes as Exhibit A)

Highlighted Items mentioned within the Budget Message include:

- A 41% less fund balance appropriation from the current year
- Multiple salaries were transferred between funds
- Personnel position changes
- 2.5% salary increase for employees to move up a half step on pay scale
- Employee medical insurance premiums paid 100% by the city
- Contributions to other agencies
- Revenues: \$5 & \$10 increase in Park and Recreation sports' fees in lieu of the gate entry fees
- Expenditures – decrease from the FY 2014/2015
- Hamlet EMS to increase yearly donations to city by an additional \$15,000
- No tax rate increase – tax rate remains at .66 per \$100 valuation
- General Fund Capital Outlay review
- Powell Bill Funding – The distribution list was reviewed
- Enterprise Fund Revenues- \$22,700 increase. Expenditures balance to revenues
- Enterprise Fund Capital Outlay review
- Enterprise Fund Expenditure Summary

Kevin Spradlin of the Pee Dee Post joined the meeting at 5:21 pm.

5. **Budget Discussion and Additional Questions to Staff.**

Fund Balance: Sufficient funds were reviewed.

Conclusion: A Public Hearing was set for Tuesday, June 9th at 7:00 pm, Hamlet City Hall, to welcome comments or questions on the proposed Budget. Mr. Abernethy reported the budget will be available at Hamlet City Hall and on the city's website.

Mayor Bayless inquired of the fund balance appropriations and the finance officer confirmed it is currently at 35.9%. She added if the entire budgeted amount is used, it will

drop below 30%. Council confirmed with staff that moving the employees around from fund to fund was appropriate.

Mr. McQueen talked about various ways council is preparing to save for the future. He noted funds will be saved if the dispatching movement works out as expected; the fire coverage revenues with Dobbins Heights is being reviewed; the Hamlet EMS has donated additional funds to the city; two grant positions were frozen along with three positions being reclassified in the PD, all of which will help save funds. Mr. McQueen talked about the employee healthcare benefits being paid at 100% by the city and the 2.5% budgeted salary increase serves as an investment in city employees. He stated redoing the Assistant's position in Park & Recreation is also a step for saving in the future. Ideas for the land that was recently donated to the City are also potential future revenues. He suggested staff look into auto auctions for potential savings on vehicles for the city.

Mr. Preslar agreed 99% with Mr. McQueen. He said it is heart-breaking to see what council has done with capital outlay this year because he feels council could have done more. Taxes and fees are a cycle, it goes with inflation and costs that the agency incurs. Mr. Preslar stated he cannot support the budget the way it's currently being presented. He talked about increases that started around 2010; employee raises; in 2011 two employees were added to the public works department in addition to other things; insurance increase; a firefighter/paramedic position was added; and now the city is looking to pay about \$225,000 - \$240,000 of holiday time that not budgeted. He noted this hasn't been done maliciously but the cycle has come around again and Hamlet needs to start looking at additional revenue sources. Mr. Preslar proposed to do a one-time \$300 bonus for employees to stop the bleeding; he said he is not proposing a tax increase this year but said it is coming. He stated council is going to have to look at a service rate increase also. Mr. Preslar said he wanted to talk about increasing the utilities and garbage rates but said it was never discussed. He noted that we are being double taxed with rescue squad and said that group could have done better.

Mr. Clewis agreed with both Mr. McQueen and Mr. Preslar. He said council could have done something different along the line of a raise. He said he is in favor of a bonus as in previous years and then go back and reevaluate the situation after revenues come in. Mr. Clewis felt like other decisions could have been made and stated that he is not in favor of the budget.

It was reiterated that the city has \$225,000-\$240,000 on the books from a build-up of employee leave time. Mr. McQueen said this is not something current council created and they are trying to correct it. The Mayor reiterated that council will hold a separate meeting to discuss these particular leave time issues.

Mr. Martin agreed with Mr. McQueen's comments and with some of the things said by Mr. Preslar today; however, said in his opinion, there's too much gloom and staff has come up with a fair budget. Mr. Martin said he is in favor of a salary increase because the city has to keep employees up-to-date the best that they can. He said the city can deal with issues as

they arise and that things will be okay. He is satisfied and is in favor of the proposed budget as presented.

The Mayor said it's been a tough budget. He explained that the pay raises will move employees up on the pay step to keep new employees from coming in and making the same salary.

Mr. Preslar thanked the city manager for his efforts on the budget and thanked all of council and staff.

Mayor Bayless reminded council that during the next Regular Monthly Meeting, council will want to set a date for a Special Meeting to discuss the issues with employee leave.

Adjournment. Council Members Martin and McQueen motioned to adjourn the meeting at 5:57 pm. All were in favor.

Respectfully submitted,


Tammy Kirkley, City Clerk



201 West Main Street
Post Office Box 1229
Hamlet, NC 28345



Fax (910) 582-5815
www.hamletnc.us

**City Manager's Budget Message
Fiscal Year 2015-2016**

May 28, 2015

Honorable Mayor Bayless and City Council,

In accordance with NC GS 59-11 and the Local Government Budget and Fiscal Control Act, submitted herein is the Fiscal Year 2015-2016 recommended budget for your review and consideration. The budget balances at \$7,824,575. I want to thank the Mayor and City Council for providing staff with specific direction, which was used as a guide when making these recommendations.

SUMMARY

This budget is a plan that presents financial information summarized by major category of expense for each department, and it outlines the operations for the City of Hamlet.

The approach of the FY 2015 Recommended Budget was to continue with a conservative budget structure and philosophy, using basic business principals to guide decisions now and in the future. Listed below is the breakup between the general fund, Powell Bill fund, and the enterprise fund.

FY 2015-16 OUTLOOK:

GENERAL FUND	\$ 4,982,360.00
POWELL BILL	\$ 244,915.00
ENTERPRISE FUND	\$ 2,597,300.00
	<hr/>
	\$ 7,824,575.00

One of the major goals in preparing this budget was reducing the fund balance appropriation in the general fund operating budget. The fund balance appropriation for FY 14-15 was \$821,720 dollars. The fund balance appropriation in the recommended budget for FY 15-16 is \$485,660. This is approximately 41% less than the current year's appropriation. The following approaches were used to achieve this goal:

- Operating budgets were reduced in each department.
- Several capital outlay items discussed at the March 6th & 7th Budget Retreat have been removed.

- Multiple salaries were transferred from being appropriated through the general fund to the enterprise fund. These were positions that were eligible to be moved due to the employees' job duties being related to our water/sewer system.
- A police investigator position was reclassified to create a division made up of a lieutenant and two sergeants, instead of a captain, a lieutenant, and a sergeant.
- Two vacant positions in our police department have also been eliminated. The positions were funded through a grant with the Governor's Highway Safety Program. The grant funding for these positions ceased, and now the solution would be to remove them since they are no longer being funded from, and because they are currently vacant. This still maintains a high level of public safety, with a Police Department with three sworn officers per shift and two K-9 Officers for further assistance.

The City will continue in future years to reduce and maintain the fund balance appropriated at a respectable level.

This budget includes a 2.5% salary increase for employees to move employees further up a half step on their pay grade. This comes in addition to increases in employee health care premiums, in which the City has updated its plan to reduce the amount of increase from 25.6% to 10.9%. The City continues to pay 100% of the premium for employees and retirees, and the plan is still a very competitive plan.

The City continues to make financial contributions to non-profit agencies in the community. These agencies are Richmond County Crime Stoppers (\$1,500), Richmond County Arts Council (\$1,000), Richmond County Literacy Council (\$1,000), New Horizons (\$1,000), Discovery Place Kids of Rockingham (\$5,000), and Richmond County Human Relations Council (\$100).

General Fund:

Revenues

The City's general fund revenues total \$4,982,360 dollars. This figure represents a \$367,860 decrease in revenues from FY 2014-2015, which was \$5,350,220 dollars. The primary source of this reduction is the \$336,060.00 reduced from the fund balance appropriation. The Hamlet EMS has agreed to increase the amount they appropriate by an additional \$15,000 for emergency service costs. Lease proceeds from the purchase of vehicles has also decreased as well.

The recommended budget for FY 15-16 proposes no increase in the current ad valorem property tax rate, which is 66 cents per \$100 valuation. This tax rate is projected to yield \$1,680,000 dollars in property tax revenue for the upcoming fiscal year.

The recommended budget also includes revenue accounting for a combination of five and ten dollar increases for Parks and Recreation Youth Sports Registration Fees. This increase is in lieu of removing gate admission fees. This will save approximately \$8,000 to our participants annually. All other fees remain at the same rate as in FY 14-15.

Expenditures

General fund expenditures in the amount of \$4,982,360 are budgeted within the following departments: Governing Body, Administration, Depot & Museums, Finance, Public Buildings, Police, Fire, Streets & Highways, Sanitation, Senior Center, Recreation, Horticulture, and Non-Departmental.

**CITY OF HAMLET
BUDGET FOR FY 2015-2016
GENERAL FUND EXPENDITURE SUMMARY**

	FY 14-15 CURRENT	FY 15-16 RECOMMENDED
GOVERNING BODY	\$ 21,010.00	\$ 27,510.00
ADMINISTRATION	\$ 402,485.00	\$ 416,400.00
DEPOT/MUSEUM COMPLEX	\$ 106,030.00	\$ 118,600.00
FINANCE	\$ 151,825.00	\$ 156,100.00
PUBLIC BUILDINGS	\$ 177,750.00	\$ 153,215.00
POLICE DEPARTMENT	\$ 1,495,540.00	\$ 1,466,740.00
FIRE DEPARTMENT	\$ 1,182,755.00	\$ 1,215,450.00
STREETS & HIGHWAYS	\$ 451,940.00	\$ 386,750.00
SANITATION	\$ 553,925.00	\$ 284,900.00
SENIOR CENTER	\$ 96,735.00	\$ 77,870.00
RECREATION	\$ 240,440.00	\$ 230,400.00
HORTICULTURE	\$ 93,575.00	\$ 90,250.00
NON-DEPARTMENTAL	\$ 376,210.00	\$ 358,175.00
TOTAL	\$ 5,350,220.00	\$ 4,982,360.00

Capital Outlay

General fund capital outlay items include a new police cruiser (\$24,000), a lease payment for a new fire service tanker truck (\$46,000), new fire hoses (\$13,000), and a Used Caterpillar Bulldozer (\$28,000). These items arrive at a combined total of \$111,000 dollars. This is \$94,400 dollars less than FY 14-15 capital outlay items.

In addition to Capital Outlay for general fund departments, the recommended budget includes funds for improvements to the library, new garbage cans, an updated software system for finance and water billing, emergency fire alarms for City Hall, as well as tasers and body cameras for the police officers.

Powell Bill:

Powell Bill funding is allocated to participating communities through funds collected from motor vehicle fuel taxes and taxes on vehicles purchased and titled in North Carolina. Of the total distribution, 75% is based on population and 25% is based on the number of miles of streets maintained by the City. The projected distribution for FY 15-16 is \$205,000 dollars. A fund balance appropriation from our Powell Bill funds of \$39,190 accompanies revenues, totaling at \$244,915. The Powell Bill budget balances with expenditures equaling that same amount. The recommended budget includes:

- \$12,000 for Street Patching
- \$10,000 for Contracted Services
- \$12,000 for Sidewalks
- \$11,500 for Curb and Gutter
- \$50,000 for Street Resurfacing

Enterprise Fund:

Revenues

The enterprise fund is the account for our water/sewer system. Revenues in the enterprise fund total \$2,597,300 for FY 15-16. This amount represents a \$22,700 increase from FY 14-15; with increases occurring in water sales, sewer charges, water and sewer tap fees, reconnection fees, and service fees. Water and sewer rates remain the same as the current year.

Expenditures

The enterprise fund expenditures balance revenues at \$2,597,300. The additional salaries transferred over from the general fund contribute to notable increases in Administration & Engineering and the Water Distribution System line items. Maintenance and repair of equipment make up the primary decrease in Water Plant expenditures. Increased chemical purchases and a new lawn mower contribute to increases for the waste-water treatment plant.

**CITY OF HAMLET
BUDGET FOR FY 2015-2016
WATER FUND EXPENDITURE SUMMARY**

<u>DEPARTMENT</u>	<u>CURRENT</u>	<u>RECOMMENDED</u>
NON-DEPARTMENTAL	\$ 550,075.00	\$ 469,000.00
ADMIN & ENGINEERING	\$ 160,470.00	\$ 231,490.00
WATER PLANT	\$ 610,555.00	\$ 524,750.00
WATER DISTRIBUTION SYSTEM	\$ 513,245.00	\$ 612,550.00
WASTE TREATMENT	\$ 424,365.00	\$ 510,910.00
WASTE COLLECTIONS	\$ 315,890.00	\$ 248,600.00
TOTAL	\$ 2,574,600.00	\$ 2,597,300.00

Enterprise fund expenditures also include a contribution of \$97,920 into the capital reserve (fund balance). This is \$118,320 less than FY 14-15's contribution, but still a significant surplus.

Capital Outlay

Capital Outlay items for the enterprise fund include a hydraulic boring machine (\$12,000) for our water distribution system, and a new lawn mower (\$10,200) for the waste-water treatment plant.

In addition to capital outlay items, the enterprise fund budget includes \$30,000 to assist in the mapping of our water and sewer system with GPS technology. A new raw water pump is also included for the water plant, and replacement clarifier panels are included for the waste-water treatment plant.

FUND BALANCES

North Carolina Local Government Commission suggests that municipalities maintain a fund balance that is at least eight percent of its annual general fund expenditures. The available general fund balance is anticipated to be well above that recommendation. The fund balance for the City of Hamlet is sufficient to meet that need. Having adequate fund balances insures that the City will have funds to absorb any revenue shortfalls or unexpected expenditures. I will

make it my goal to make the necessary arrangements to attempt to keep this amount as high as possible to ensure the City has the financial reserves necessary to operate successfully.

CONCLUSION

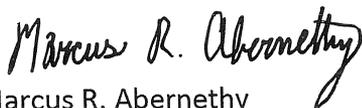
It is with much thought and consideration I present the most conservative budget possible in order to provide the current service levels at the lowest cost to the citizens of Hamlet. We still are not where we all wish we could be, but we are seeing improvement in the economic status of the country, the state, and the local community. Staff continues to seek grant funding from both the state and federal sources to assist with much of our needed resources.

As public servants, we have a responsibility to oversee the collection of revenues from and on behalf of our citizens. In exchange, we provide them with the needed and desired services as efficiently and effectively as possible. This is a very important responsibility, and I will continue to work with department heads and staff to provide services at a minimal cost.

The public hearing on this budget is scheduled to be held at the regularly scheduled City Council Meeting on June 9th, 2015 at 7:00pm. Adoption of the budget ordinance may be done any time after the public hearing. However, it must be done by June 30, 2015. Any person wishing to make comments or ask questions may do so at the public hearing. The proposed budget is available for public review at the Hamlet City Hall during regular business hours and will be posted on the City's website, <http://www.hamletnc.us>. Notice of availability of the document and the scheduled public hearing will be published in the *Richmond County Daily Journal* in the coming days. Upon the legislative approval of the FY 2015-2016 Budget for the City of Hamlet, staff will begin the implementation and execution phase of the budget cycle. I look forward to updating the Mayor, the City Council, and the citizens as the year unfolds.

I must extend thanks to the Mayor and the City Council for collaborating with one another, providing input and establishing goals throughout the process. I also wish to recognize and commend staff for their invaluable assistance. It is with great enthusiasm that I praise their efforts, for they are truly impressive.

Respectfully Submitted,



Marcus R. Abernethy

City Manager

City of Hamlet, NC