

The Honorable Council of the Town of Morehead City held a Special Budget meeting on Tuesday, May 2, 2017, in the Municipal Chambers located at 202 South 8<sup>th</sup> Street, Morehead City, North Carolina. Those in attendance were:

**COUNCIL PRESENT:** Mayor Gerald A. Jones, Jr.; Councilmen George Ballou, William F. Taylor, Demus L. Thompson, Harvey N. Walker, Jr.; and Councilwoman Diane C. Warrender.

**STAFF PRESENT:** City Manager David S. Whitlow; Finance Director Jewel Lasater; Parks and Recreation Director Craig Lands; Public Services Director Daniel Williams; Public Services Assistant Director Dale Price; Human Resource Officer Susan Nixon; IT Manager Jonathan Snyder; and City Clerk Trainee Cathy Campbell.

**OTHER:** Anna Harvey, Carteret County News Times.

Mayor Jones called the Special Budget meeting of the Morehead City Town Council to order at 5:35 p.m., on Tuesday, May 2, 2017 in the Municipal Building Council Chambers with a quorum present.

City Manager David Whitlow shared that this meeting would be focused on the departments that were not discussed at the April 25, 2017 budget meeting.

**Parks & Recreation:**

Craig Lands appeared before the Council stating that this year has been a learning experience with the addition of the dock master and dock management. He stated that the Parks and Recreation budget is consistent with the current year budget with the exception of two (2) capital projects; improvements to the Recreation Center west end bathroom and Shevans Park tennis court renovation.

He reported that \$75,000 was allocated within the current budget for the Recreation Center bathroom renovation; however, another \$23,500 would be needed to achieve Americans with Disabilities Act (ADA) compliance. He assured the Council that this was the last major building improvement needed at the Recreation Center. During discussion, it was noted that ADA compliance is not necessary for this bathroom since the bathroom on the main hall is compliant; therefore less costly repairs may be sufficient. Public Works Director Daniel Williams agreed to obtain quotes for simpler, but attractive repairs that will accommodate use for all ages.

Mr. Lands advised that \$100,000 has been budgeted for Shevans Park tennis court lighting and that it is his goal to complete the lighting and repaving at the same time. He reminded Council that \$120,000 is included in the current budget for the paving. These funds will rollover to the next fiscal year if not expended before July 1, 2017. Finance Director Jewel Lasater reported that the rollover could be accomplished in one (1) of two (2) different methods. Council agreed by consensus to roll the funds over and to give Staff authority to determine the best method.

Further discussions clarified the following:

- The 75% increase in part-time salaries reflects the switch to utilizing part-time Recreation staff to mow parks and grounds; an equal reduction was made to Parks Maintenance and Grounds to reflect the elimination of contracted mowing services. In spite of this reduction, Parks Maintenance and Grounds was increased by \$11,000 to address the lighting issue behind the Recreation Center and \$29,000 for pipe repairs at the Big Rock Stadium.
- The \$10,000 for Playground Equipment & Repairs is a reoccurring budget item to allow for routine repairs and equipment replacement. This does not include the cost for installing the pirate ship as installation was included as part of the purchase price. The location for the pirate ship has yet to be decided.
- Of the \$60,000 budgeted for Evans Street dock repairs, about half will be required to cover the cost of digging under the street to lay the conduit. This will complete the necessary electrical work at the dock.

In closing, Mr. Lands reported that the PARTF grant application will be submitted May 1, 2017. The Council's acceptance of the Master Plan agreement on April 11, 2017 should strengthen the City's position for consideration. If awarded, the \$10,000 will not be realized until next year as the grant process spans about eight (8) months.

#### **Public Utilities:**

Public Works Director Daniel Williams appeared before the Council announcing that only minor line adjustments were included within his Department's budget. He shared that only a three percent (3%) rate increase is recommended for FY 2017-18 rather than the suggested four percent (4%) annual maintenance increase. The Public Utilities proposed budget includes the cost for the annual rate study, lift station repair (one (1) annually), and one (1) truck. He stated that sliplining occurs almost annually as we identify and address leaks in the sewer lines.

In response to questions, Finance Director Jewel Lasater stated that she expects the MUNIS implementation timeline to be released soon, which will give the Council an idea of when each module will come online. She expects that MUNIS will not be fully implemented until October 2018.

Ms. Lasater advised that Staff develops the budget conservatively, and her confidence in the projected budget is tentative due to the State's indecision with regard to State Bill 126, which would alter the distribution factor for sales tax revenue and could have a far greater negative impact on the City than originally anticipated (from \$100,000 to \$228,000). City Manager David Whitlow shared that State leaders had failed to realize that the change in Article 40 Funds would also reduce the Hold Harmless Funds. If change is implemented, Council may need to address the additional loss of \$128,000 in revenue by either, reducing Contingency or transferring funds from the Undesignated Fund Balance in order to balance the budget. There is some hope that changes will be delayed until 2018.

#### **Public Works:**

Public Services Assistant Director Dale Price appeared before the Council to report on Public Works budget items. He stated that the capital improvement projects included under Transportation are the 4<sup>th</sup>, 5<sup>th</sup> and Evans Street Resurfacing / Repaving at \$100,419, Blair Farms Parkway drainage at \$166,206, and Church Street Drainage at \$143,000. The asphalt recycler was removed as the length of time to recover the expense did not justify the expenditure at this time.

Mr. Price also shared the following points regarding the Public Works budget:

- Storm Sewer line item includes cost of cleanout.
- Sanitation increased by 1% due to the Consumer Price Index (CPI); however, consumer rates remain the same.

When asked about the dredging line item, City Manager David Whitlow stated that this \$460,000 reflects the cost of dredging the cut channel. The City has applied for a two-to-one (2 to 1) grant with hopes that it will reimburse a portion of the expense. The City will also seek partial reimbursement from Carteret County to match the two-thirds (2/3) grant from the North Carolina State Dredging program to further reduce the City's obligation.

### **Library:**

City Manager David Whitlow reported that Library usage has increase and as a result Staff is requesting two additional part-time, seasonal personnel. It is anticipated that these two employees will work ten (10) to fifteen (15) hours per week through July for a total expense of \$4,100 each.

Included within the Library budget is \$93,000 for electrical improvement/repairs to bring the building up to code. Council was reminded that four (4) window air conditioners were purchased last year for the upstairs areas because the HVAC unit could not maintain a comfortable temperature. After some discussion, Public Services Assistant Director Dale Price was asked to evaluate the insulation in the attic, and possible replacement costs, to determine if it would be more cost effective to replace the HVAC unit at the same time the electrical work is being done.

### **Council:**

City Manager David Whitlow communicated that the only significant change to the Council's budget is under Travel, Education, & Training. This is budgeted at \$21,500. It is recommended that an individual allocation be established for each councilmember and such was budgeted at \$3,500 each with \$4,000 for the mayor. This line item also includes a small increase to stipends and allowances based on CPI.

### **Administration:**

Mr. Whitlow responded affirmatively when asked if the 15% increase in Travel & Training was for the new clerk's certification training. He also clarified that the reduction in administrative salaries reflects the new clerk's lower salary as well as the departure from paying a double clerk salary during the training phase (February – May 2017) and the elimination of one part-time position.

To provide a better understanding of the budget entry regarding cross-training for the human resources, city clerk and deputy clerk positions, Mr. Whitlow explained that staffing is lean in the Municipal Building and it will be beneficial to cross-train staff across these positions to ensure operations continue seamlessly in spite of vacations and illnesses. Such training is included in the budget.

**Finance:**

Finance Director Jewel Lasater addressed the Council thanking them for their support in funding the MUNIS software. She stated that a portion of the software expense will not be invoiced or paid out this year. This portion will be rolled over to FY 2017-2018 and is reflected under Central Services Capital Outlay (\$167,550), and Water/Sewer Billing & Collections Capital Outlay (\$100,785). MUNIS is expected to be paid in full by the end of 2018 with the possible exception of some carryover training. The total expense for MUNIS will be approximately \$395,353 plus about \$10,000 for software and equipment. This expense is accounted for in the current and proposed budget. The estimated portion to be paid this year under Central Services Capital Outlay is \$76,211, and under Water/Sewer Billing & Collections Capital Outlay is \$50,808.

Although implementing a paperless budget process is a goal for her department, Ms. Lasater doubts it will diminish the amount of budget detail as much of the narrative and explanations are qualifications for the Financial Certificate of Achievement for Budget Documents.

**IT:**

IT Manager Jon Snyder appeared before the Council reporting that there are no significant changes within the proposed IT budget. The \$70,000 previously budgeted for hardware improvements has been removed from the proposed budget based on Council's April 11, 2017 approval to make the purchases this year in order to prepare for the MUNIS initiation process. The increase in IT Service Contracts accounts for the overlap of running both FoxPro and MUNIS software until the final switch over. After FY 2017-2018, \$19,000 will be budgeted annually for MUNIS support.

The IT Part-time Salaries supports the apprentice intern from Carteret Community College. The thirteen percent (13%) increase in Salaries is based on his cost of living (COLA) adjustment and performance evaluation, as well as accounting for him being in this position for a full twelve (12) months.

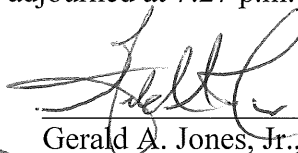
Mr. Snyder explained that Document Migration as listed under Operating Budget – Capital Outlay Proposals, is the document scanning project that would digitize City records so that they could be electronically searched for quick and easy access. He explained that Police documents must be maintained separately due to security requirements; however, if so desired, an additional copy of the software could be purchased for that department.

**Board Comments:**

City Manager David Whitlow reported that \$20,000 is included under Capital Outlay Proposals for the Municipal Building handicap access improvements and \$392,000 for Wallace Building lintels, windows and roof replacement.

Council will discuss the need for another budget session at the May 9, 2017 regular Council meeting.

There being no further business, the meeting was adjourned at 7:27 p.m.



Gerald A. Jones, Jr., Mayor

Attest:



Cathy Campbell, City Clerk

