

**Town Council Minutes
Morehead City, North Carolina**

**Tuesday, May 8, 2018, at 3:02 p.m.
Special Budget Meeting**

The Honorable Council of the Town of Morehead City met in a Special Meeting on Tuesday, May 8, 2018, in the Council Chambers, Morehead City Municipal Building, 202 South 8th Street, Morehead City, North Carolina. The purpose of the Special Meeting was to review the proposed FY 2018-2019 Budget. Those in attendance were:

COUNCIL PRESENT: Mayor Gerald A. Jones, Jr.; Councilmembers George W. Ballou, Keri V. McCann, William F. Taylor, Harvey N. Walker, Jr. and Diane C. Warrender.

STAFF PRESENT: City Manager Ryan Eggleston, Finance Director Jewel Lasater; Public Services Director Daniel Williams; Parks & Recreation Director Craig Lands, Police Chief Bernette Morris; Fire Chief Jamie Fulk; HR Director Susan Nixon; IT Manager Jon Snyder; Interim Library Director James Swann, and City Clerk Cathy Campbell.

OTHERS: Elise Clouser, Carteret News Times;

CALL TO ORDER

Mayor Jones opened the Special Budget Meeting at 3:00 p.m. with a quorum present. He explained that the budget was prepared by Interim City Manager Ralph Clark and Finance Director Jewel Lasater with input from other staff members.

INTRODUCTION

Ms. Lasater then stepped forward to provide a brief overview stating that Staff presents a balanced budget with no new major capital outlay projects that have not been previously discussed and reviewed. The Munis implementation, Water & Sewer Capital Projects, and other miscellaneous smaller capital items projects will be carried over into the new budget year. The following summary was presented:

General Fund	\$ 13,935,626
Fire/EMS Service Fund	\$ 5,578,043
Water/Sewer Fund	\$ 7,669,800
Sanitation [Solid Waste] Fund	\$ 957,500
Other Funds	\$ 766,000
TOTAL	\$ 28,906,969

The proposed FY2018/2019 Budget recommends the Ad Valorem Tax Rate of \$ 0.35 per \$100 property valuation, with no tax increase over the current year.

Ms. Lasater clarified the following:

- \$400,000 was originally in the departmental requests for Katherine Davis Park as the City's match requirement for PARTF grant. The manager recommended amount is \$350,000 as a transfer to the Katherine Davis Park Capital Project Fund without the PARTF grant due to the new concept costs are considerably less. \$560,500 is the manager recommended amount for Street Paving & Resurfacing rather than the proposed \$1 million pending the impact of the new Governmental Accounting Standards Board (GASB) requirements concerning other post employee benefits to ensure a balanced budget. Beginning FYE June 30, 2018, GASB requires that Municipalities record retiree health insurance on the Balance Sheet as a liability.
- Funds for the Charles Wallace Building project are held in the Morehead Municipal Campus Project Fund and as a multi-year project; therefore, it is not reflected in the annual budget.
- The pie chart of the proposed budget shows Debt Service at eight percent (8%). This percentage does not apply to assessed property value as controlled by the Local Government Commission. The Town is well below such required limits.

PUBLIC SERVICES

Public Works Director Daniel Williams reviewed the proposed budget for the Garage, Transportation (Streets), Sanitation, and Water/Sewer. The budget is essentially the same as the current year with no new capital projects proposed. A three percent (3%) increase, rather than the five percent (5%), is included for Water and Sewer fees effective January 1, 2019, as scheduled under the adopted rate study. This will equate to about a dollar and a half (\$1.50) difference per account, per month.

FIRE DEPARTMENT

Fire Chief Jamie Fulk advised that the only changes within the Fire/EMS budget are the increase in salaries as the Town begins to assume the cost of the personnel hired under the SAFER Grant, and an increase in scheduled overtime. Discussion clarified that such overtime is dictated by Federal Labor Standards. Capital outlay items include a new heart monitor (\$140,000) and remounting of a new ambulance with a power-pop stretcher (\$30,000) for a combined cost of \$170,000.

INFORMATION TECHNOLOGY

IT Manager Jon Snyder stated that funds had been placed in the budget to purchase a new vehicle in the amount of \$24,500 for the IT Department. In addition, he is requesting to change the part-time position to a full-time position. Mr. Snyder is currently averaging 113 hours per pay period to handle the workload.

LIBRARY

Interim Library Director James Swann, addressed the Council stating that the Library budget includes funding for a full-time director position in the amount of \$60,631. \$101,000 in Capital Outlay reflects the previously adopted renovation schedule, which calls for the replacement of the HVAC unit in the upcoming year. Public Services Director Daniel Williams

was asked to explore the possibility of including attic insulation to the Capital Outlay improvements.

ADMINISTRATION/HUMAN RESOURCES

Human Resources Director Susan Nixon advised that Salary line items for each department include recommendation for a 2.1% Cost of Living (COLA) increase, up to a 2% Merit increase per employee, as well as the mandated .25% retiree increases. This is year 4 of 5 for the retiree increases. The 17.7% insurance increase is also included.

The personnel changes include the full-time IT and Library positions previously discussed, and a reduction in the Planning Department. It is recommended that a freeze be placed on the building inspector position at this time.

A Pay & Class Study is budgeted under Central Services' Contracted Services Professional line item in the amount of \$20,000.

City Manager Ryan Eggleston asked Council to consider a modification to the Health Insurance Employee Share program adopted at the April meeting. To minimize the administrative and financial tracking, he proposed that employees will be given twelve (12) months to reach the wellness milestone beginning July 1, 2018. If reached, they will not be assessed a penalty (employee share). Employees who fail to reach the milestone, will be charged the employee share (\$20 per pay period) beginning July 2019. This change will not have a negative impact on the proposed budget. Staff was instructed to take the proposal back to the Finance and Administration Committee to develop a proposal for presentation to Council.

POLICE DEPARTMENT

Police Chief Bernette Morris reported that her department had a 2% increase in general operation expenses and a 27% decrease in Capital Outlay resulting in an overall 6% budget decrease. The \$132,721 Capital Outlay expenditures include two (2) Dodge Charges (\$79,576), WatchGuard camera upgrades (\$22,000), and Exact Vision server cameras (\$31,145).

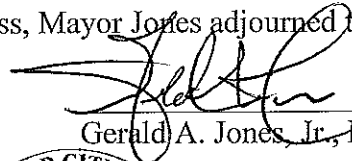
PARKS AND RECREATION

Parks and Recreation Director Craig Lands advised that there are no significant changes within his budget. The \$46,000 in Capital Outlay projects include the Amtrak style covered bus waiting area (\$9,000), Cub Cadet Pro X Power assist bagger for mower (\$2,500), Cub Cadet Pro X Mower (\$7,000), Baseball backstop protective netting (\$7,500), broken Booster Pump repair (\$10,000), and general playground replacement equipment and/or major repairs (\$10,000). There are no funds budgeted at this time for Shevans Park as no specific plan has been identified. It was suggested that the Public Works Committee begin discussions about the park renovation.

The public hearing for the FY 2018-2019 Budget will take place at the regular June meeting to be held at 5:30 p.m. on Tuesday, June 12, 2018.

ADJOURNMENT

There being no other business to discuss, Mayor Jones adjourned the meeting 4:39 p.m.



Gerald A. Jones, Jr., Mayor

Attest: 

Cathy Campbell, City Clerk

