TOWN OF AYDEN
GOVERNING BOARD MEETING
MINUTES

May 9, 2016 – 4:00 pm (Special Called Meeting – Budget Workshop)
Ayden Town Hall – Second Floor Boardroom

I. CALL TO ORDER

A. Call to Order
Mayor Tripp called the meeting to order at 4:20 p.m.

B. Roll Call
Present:
Mayor Tripp
Commissioners Davenport, Harris, Mewborn, Ross and Skinner

Absent:
None

Also Present:
Leonard Barefoot – Interim Town Manager
Alicia Simpson – Finance Director
Sherri Scharf – Town Clerk

II. DISCUSSION/ BUDGET PRESENTATION

Interim Manager Leonard Barefoot that he prefers a Board retreat format for budget discussions, but there was simply not enough time. He will be out of the office the third week of May, but the FYE 2017 Budget must be adopted before the end of June to comply with general statues. The purpose of this meeting will be to take a "snapshot" of where the budget currently stands, with all departmental budget requests factored in, and then discuss ways to bring the budget into balance, since it currently is not.

Reference was made to the monthly financial update report with data compiled as of April 30th that covers a 10 month period, or approximately 83% of the FY 2015-16 budget year.

General Fund Highlights include:

- Anticipated projected FYE revenue = $1,352,235
- Total revenue with projections = $4,441,613
- Anticipated projected FYE expenditures = $878,826
- Total expenditures with projections = $4,298,915
- Difference between revenues/expenditures = +143,139

Electric Fund Highlights include:

- Anticipated projected FYE revenue = $1,553,172
- Total revenue with projections = $10,051,403
- Anticipated projected FYE expenditures = $3,076,291
- Total expenditures with projections = $11,383,859
- Difference between revenues/expenditures = (1,523,119)

Interim Manager Barefoot stated that revenue projections were more than what was collected. Also, the Town paid cash instead of borrowing $1.5 million for the electric substation(s) rehabilitation project.

Mayor Tripp stated that the Board had previously voted to borrow $1.5 million for the substation project and inquired why it was not in the budget, adding that staff should have come back before the Board to explain their intentions. Finance Director Alicia Simpson responded that the electric substation repairs project cost $2.5 million and was paid in cash. Interim Manager Barefoot stated that the Town could still borrow $1.5 million and could reauthorize taking out the loan during the meeting. Mayor Tripp stated that he wanted to see the meeting minutes to see what the Board previously approved and also asked for a full accounting of actual expenditures for the electric substation project.

Water-Sewer Fund Highlights include:

- Anticipated projected FYE revenue = $628,306
- Total revenue with projections = $2,565,141
- Anticipated projected FYE expenditures = $1,175,587
- Total expenditures with projections = $2,782,689
- Difference between revenues/expenditures = +200,000

Noted in the Water-Sewer Fund is $980,000 as a loan proceed (State Revolving Fund) for a water-sewer infrastructure project with Municipal Engineering which has not yet started. Mr. Barefoot will follow up.

Mr. Barefoot noted that the FYE 2017 budget is out of balance by approximately $2,046,000 and can be balanced by cuts or a combination of cuts/loans. Health insurance premiums have increased 35% and those costs were incorporated across the board and impact every department. Also a $35,000 fleet maintenance cost has been budgeted across the board to cover departmental needs because it has never been accounted for in the past.

Next, Mr. Barefoot went through the various sections of the General Fund. Highlights below:

<u>Governing Board</u>

- Chamber of Commerce requested a $15,000 increase in its annual allocation ($25,000 for small business development and $3,000 for the annual Christmas parade)
- BBQ Festival requested $10,000 for prize money guarantees for its first event
- $5,000 for the Collard Festival, same request as last year
- Total increase = $20,000

There was a general consensus that Board members were more comfortable considering Chamber requests on a case-by-case basis, rather than giving one lump sum without an analysis of return on investment. Mr. Barefoot suggested they take the Chamber's written proposal home and study it before making a final decision.

Administration

Mr. Barefoot explained that the $89,815 increase can be attributed to a larger salary projected for the new town manager and the new software/system upgrade required for billing and financial reporting, as detailed in the Town's recent audit finding. He added that an allocation was set aside for budget purposes and that the actual software/system recommendation will come before the Board so that members can be fully apprised of the system improvements. He asked the Board to consider combining the Town Clerk position with a Human Resources Assistant, stating that he felt it would draw better qualified candidates and those with HR experience. A new position description with the combined duties was distributed, and Mr. Barefoot stated it was an agenda item for the regular business meeting followed the budget workshop.

Also noteworthy, all departments will see an increase in health insurance costs due to increased in the Town's Blue Cross/Blue Shield healthcare contract.

Finance

Overall increase of $19,515 in salaries recognizes the need for more staffing in the Finance department as detailed in the Town's recent audit finding. Mr. Barefoot urged the Board to consider hiring for the new position (Accounting Technician) as soon as possible, adding that every small town for which he has worked had more staffing in the finance and human resources areas than the Town of Ayden.

There was a great deal of discussion about the need for the position, whether it could be combined to be one-half finance and one-half human resources, whether it should be funded as part-time or full-time, and whether it might be beneficial to add a marketing function to it. Several members felt that since former town manager Adam Mitchell had financial expertise, the new town manager could perform these duties and, thus, a new position would not be needed. Mr. Barefoot noted that finance is not a manager function because it keeps the manager bound to the office, instead of meeting with businesses and networking for economic development opportunities. Still, it was felt the new town manager should "know finance." In response to the Accounting Technician position having a salary that was "too generous," Finance Director Alicia Simpson stated that it was the "local government rate." Commissioner Davenport asked whether current Ayden Tax Collector Sherry Howell could be considered for this new position, and Ms. Simpson responded that she would not be "comfortable" having Ms. Howell in the position. Finally, Mayor Tripp stated that in order to provide relief to Ms. Simpson's workload, the Board should consider at least a part-time position as the new billing software/system will take time to learn and to train staff.

Fleet Maintenance/Public Buildings

The Board was asked to consider having the equipment mechanic brought back in-house as it is actually more expensive to have the work done under a contracted employee. The Board was asked to consider cancelling the housekeeper's contract and hiring a full-time cleaning person, especially since the current employee announced he would retire effective August 1st.

Police Department
In addition to healthcare premium increase for employees, the overall increase of $92,162 reflects an increase in salaries due to certifications and paying for an officer to patrol the Ayden Housing Authority. General discussion included asking whether HUD could pick up the cost for at least one-half of a police officer's salary and whether the need for 4 police vehicles could be budgeted over more than one budget cycle.

Fire Department
It was noted that the Fire Department will be taking delivery of a new heavy duty rescue vehicle ($436,000) and will be making loan payments for it.

Public Works
An increase of $269,482 is attributed to $221,000 to fulfill capital needs for new vehicles and equipment. In the past, departments could share with each other, but a new state law does not allow this. It was also noted that the $80,000 fee for "contract ditch projects" can be reimbursed to the Town since it is related to the installation of the Southwest ByPass.

Sanitation
An increase of $129,473 is largely attributed to replacing old trash and knuckle boom trucks with a 5-year leasing arrangement at $50,000/year per vehicle. At the end of the lease term, the Town would own the vehicles. This arrangement is less expensive that borrowing the money to buy the vehicles.

Planning & Zoning
The $71,083 increase is largely attributed to the salary increase for the Code Enforcement Officer new hire, more money allocated for demolitions, and the cost of hiring two interns to assist with the mapping function.

Library
The $26,532 increase is largely attributed to the need to tear up rotted flooring (all the way to street level) and replace it.

Recreation
At $395,966, the Recreation Department has requested an increase for all programs as well as covering costs associated with rehabilitation/repair of the facility on Lee St. Mayor Tripp inquired whether the Arts & Recreation Commission had seen and approved this budget, and Interim Manager Barefoot replied, "yes." He also stated that the biggest expense was in repairs and maintenance, and that the Board could borrow money to pay for all of it by spreading the expense over a 4 or 5 year period. After much discussion, there was consensus to complete delete the $90,000 allotted for resurfacing the tennis court. It was agreed that a bathroom facility was needed at Veterans' Park. Commissioner Harris inquired whether grant money could be pursued in order to rehabilitate the 4 bathrooms, 2 behind the gym and 2 on the second floor. Mayor Tripp suggested that this was a priority for the building, and that the cost could be spread out over 3 years. It was agreed that since the 15-passenger van was used to transport seniors on field trips, and it had actually broken down during a field trip to Wilmington, a new one needed to be purchased.

Electric Operations
The $1,124,747 increase is largely due to the $1,000,000 needed to install infrastructure in preparation for the Southwest Bypass project build. Other needed expenses include $44,000 for a breaker at the Weyerhaueser substation and $108,000 for an equipment storage facility.

Water-Sewer Operations
A $980,000 water-sewer rehabilitation project is listed under Capital Improvement Projects but is not yet underway. Mr. Barefoot reported that he will be meeting with the project coordinator, Bobby Blowe of Municipal Engineering, next week to jump start the project.

Finance Director Alicia Simpson gave an estimate of $167,952 to implement a 5% pay increase across the board for all employees. If approved, the money would be taken from the General Fund. There was a great deal of discussion amongst Board members related to the Town's employee pay structure, salary and cost-of-living increases, merit pay, and adjusting pay to be competitive in employee recruitment and retention. The Board requested more detailed information and human resources (HR) data for consideration. Mr. Barefoot suggested getting the core budget balanced and in place, and that the HR data can follow for later consideration. Board members agreed that they did not feel equipped to prioritize department budget needs. Commissioner Harris suggested that Mr. Barefoot determine which departments get their priorities.

Mr. Barefoot stated that he is prepared to have department heads present at the next budget meeting to answer questions about how their rank their priorities for their own budget. He also stated that the final budget presentation would likely be May 31st or June 1st and that at the business meeting tonight the Board will be asked to change the meeting for the Public Hearing on the budget to later in June.

He then directed them to the position description that had been distributed at the top of the meeting that would restructure the current Executive Assistant/Town Clerk role into Town Clerk/Human Resources Officer, a model that he discovered at the Town of Nashville and thought was very efficient and would serve Ayden well. After a general discussion, the Board reached a consensus to leave the current Executive Assistant/Town Clerk structure as is. Commissioner Harris stated that he wanted more advice on proposed staff reorganizations. He was aware of a model in Spring Lake where a finance and human resources position was combined into one FTE.

III. RECESS

Having discussed when Board members could meet again to continue budget negotiations, Mayor Tripp called for a motion to recess the meeting.

Motion: Commissioner Skinner
Second: Commissioner Harris
Discussion: None
Approved: 5-0
The motion to recess the Special Called Meeting/Budget Workshop until May 18, 2016 at 4:30 p.m. passed.

CERTIFICATION

Minutes from May 9, 2016 Special Called Meeting were adopted and certified this 21st day of June 2016 in Ayden, North Carolina.

AYDEN, NORTH CAROLINA

Stephen W. Tripp, Mayor

ATTEST:

Sherri Scharf by Kimberly Dayun

Sherri Scharf, Town Clerk