

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

**Monday, June 2, 2014 at 4:30 p.m.
Special Meeting/Budget Work Session**

The Honorable Council of the Town of Morehead City met in a Special Meeting/Budget Work Session on Monday, June 2, 2014, at 4:30 p.m., in the Council Chambers, Morehead City Municipal Building, 202 South 8th Street, Morehead City, North Carolina. The purpose of the Special Meeting was a presentation of the FY 2014/2015 Budget; discussions on the Space Needs Analysis Report; Employee Compensation Plan implementation and staffing priorities. Those in attendance were:

MAYOR: Gerald A. Jones, Jr.
MAYOR PRO TEM: George W. Ballou
COUNCIL: William F. Taylor

Demus L. Thompson
Harvey N. Walker
Diane C. Warrender

CITY MANAGER: David Whitlow

CITY CLERK: Jeanne M. Giblin

OTHERS: Mark Hibbs, Reporter, THE CARTERET NEWS
TIMES; David McCabe; Daniel Williams; Police Chief Wrenn Johnson; Sandy Bell; Fire/EMS
Chief Jamie Fulk; Ellen Sewell Jewel Lasater; Susan Nixon; Craig Lands

I. Call to Order

Mayor Jones called the meeting to order at 4:30 p.m.

II. FY2014/2015 Budget Review

Mayor Jones reported that the FY2014/2015 Proposed Budget was distributed at the May 27, 2014 Special Council Meeting. He asked the Council if there were any specific areas of the budget which they wished to discuss.

II.A. Community Projects

Councilman Walker stated he would like Morehead City to donate to ACT [Allies for Cherry Point's Tomorrow] under Community Projects.

It was the consensus of the Council to donate \$4,200 from the Community Projects line item to ACT.

Councilman Thompson noted that ACT was a most important organization as it lobbies for Cherry Point Marine Air Corp Station where many of the local citizens are employed.

Councilman Taylor noted that Carteret County Historical Society was receiving \$3,000 to which City Manager Whitlow replied that the Historical Society building roof needed to be replaced and that was the reason for the increase in the donation.

Upon a question regarding the Regulatory Affairs Committee, City Manager Whitlow explained that was part of the North Carolina League of Municipalities which lobbies on behalf of City interests.

II.B. Tax Collection Rate and Revenues

Finance Director Ellen Sewell reported that the tax collection rate for FY 2013/2014 was 98.9 percent. She commented that permits and fees were more than projected at \$3,500 above what was budgeted. Investment earnings were \$7,400 more than anticipated. Total revenues are projected at \$10.6 million with total expenditures at \$10.2 million; revenues over expenditures are approximately \$400,000.

II.C. Unassigned Fund Balance

Mayor Jones commented that the projected Unassigned Fund Balance would be \$3.6 million on June 30, 2014.

Finance Director Ellen Sewell explained that on July 1, 2014, \$600,000 would go into the new year for funding on specific projects. She commented that the Fund Balance has increased slightly over the past five [5] years.

II.D. Review of Specific Departments and Line Items

Councilman Taylor commented that the funding for Cemeteries and Grounds was increased to handle the salary needs of the employees.

It was ascertained that the funding for the new Assistant Public Works Director comes from the Public Works Department under Transportation.

Upon a question regarding the funding for City docks at \$60,000, City Manager Whitlow commented that the funds include the City costs for subletting the Swanson property; 4th Street docks and City docks maintenance and riparian fees as well as the dockmaster fees.

Councilman Taylor questioned under Central Services the legal fees line item.

City Manager Whitlow replied that he has tried to budget what the legal costs will be, however, if some of the legal proceedings go to trial, there will be a significant increase in costs; if some are settled there will be cost savings.

The Council discussed the \$30,000 budgeted for the repair and improvements to the 10th Street boat ramp which will be used to repair the western wall of the ramp.

On Page 22, Mayor Jones questioned the audio/visual line item for the Council Chambers being removed from the budget as this has been a request of the Council for some time.

Councilman Thompson commented that he would like to get by one more year and see if the proposed tax increase of \$.03 could be reduced by \$.01. He continued that the Department Heads' requests have already been cut by the City Manager before being reviewed by the Council. He continued that he knew that Morehead City deserves the best employees it can get and that the last few years have been difficult for the employees and we share the hard times with the entire state and country. Morehead City has been able to increase the employee salaries and has undertaken the Space Needs Analysis. He continued that he is thinking of the citizens who have the same trouble getting money and that they would like to see Reporter Mark Hibbs writing in the paper that Morehead City lowers the tax rate by \$.01. He commented that there has to be savings somewhere in the budget.

Councilman Taylor commented that he added up the City's expenses and the other categories, not the salary adjustments. When analyzing the current spending rate the current budget year is \$2,462,000; the budget which the City Manager has proposed for FY2014/2015 is \$2,141,000. The spending rate for FY2014/2015 less than the City is spending in the current year. He proposed asking the individual departments for further cost savings as they would better know what to eliminate. A savings of \$190,000 equates to a \$.01 tax decrease.

Councilman Ballou commented that the Council implemented the Employee Compensation Plan last year with the idea of increasing the budget by \$.03. If the increase were jeopardized, it would be on the back of the employees which he would not like to see.

City Manager Whitlow commented that if there was a place where the City could do the \$.01 cut, it would have already been done. He commented that \$100 could be taken from here or there, but he didn't believe that should be done if the Council wanted to accomplish their objectives. He continued that there could be a savings if Wildwood Fire/EMS would come under Morehead City, however, the negotiations are not at that point at this time and the City cannot make that determination now.

Councilman Walker commented that the tax increase was not a surprise. If Wildwood Fire/EMS does come under the jurisdiction of the Morehead City Fire/EMS Department it would give the City the opportunity to put some funding back into the budget. He questioned what the City would have to sacrifice for a \$.01 savings. He continued that the Council made a commitment to the employees and he would not like to see this become an issue.

Finance Director Sewell commented if the City wanted to save \$190,000 the funding would have to come from employee positions as the costs were \$.02 for the Employee Compensation Plan and \$.01 for the new proposed positions.

Mayor Jones stated that the Council made a three [3] year commitment when the Employee Compensation Plan was started last year.

Councilman Taylor commented that the water/sewer rate was scheduled for an 8 percent increase, and the City is only enacting a 6 percent increase. There are also savings in the sanitation rate. There has been an effort to control costs.

Mayor Jones commented that with regard to Wildwood Fire/EMS, a memorandum of understanding between Morehead City, Carteret County and Wildwood Fire/EMS could be done.

City Manager Whitlow explained that realistically it would be at least a 60 to 90 day process for Wildwood to come under the jurisdiction of Morehead City. He continued that the proposed employment of three [3] Fire/EMS positions could be pushed back until October 1, 2014, and if a memorandum of understanding were approved by all parties, he would advise Fire/EMS Chief Fulk not to hire. If this does not happen within a reasonable timeframe, City Manager Whitlow would advise Fire/EMS Chief Fulk to start interviewing for the positions.

Mayor Jones commented that to achieve the \$.01 reduction in the proposed tax rate the City would have to freeze the hiring process.

City Manager Whitlow explained that the new positions were:

- Three [3] Fire/EMS Hired October 1, 2014
- Assistant Public Works Director Hired January 1, 2015
- Narcotics Police Officer Hired January 1, 2015
- Public Works/Utilities Clerk Part-Time to Full-Time July 1, 2014
- Fire/EMS Department Clerk Part-time to Full-Time July 1, 2014

Councilman Walker commented that the City would impede growth by not hiring the employees as suggested.

Councilwoman Warrender commented that with the exception of the Fire/EMS Department, the positions requested were placed on hold last year.

When questioned about the proposed narcotics officer, Police Chief Johnson stated that the Department has one [1] narcotics officer at the present time. She spoke about the safety issues of having just one [1] officer making buy busts and that the City makes many drug arrests. The Department has had only one [1] narcotics officer for the last 29 years.

Mayor Jones commented that Morehead City is unique in that we have many working and shopping within our boundaries who don't necessarily live in Morehead City. There are also many visitors who also use our services.

Mayor Jones advised increasing the funding for ACT [Allies for Cherry Point's Tomorrow] and that the updating of the audio/visual needs in the Council Chambers could come from the Fund Balance.

Councilman Walker left at 5:45 p.m.

Councilwoman Warrender commented she would approve the \$.03 increase and to continue the Council's goals.

Councilman Thompson tasked the City Manager to look harder to find cost savings.

Mayor Jones commented that the present Council established a base of \$2 million in the Fund Balance. He continued that that is the public's money and it needs to go back into the public.

II. Police Vehicles

Police Chief Wrenn Johnson explained the Police Vehicle Chart stating that cars that are not currently running are used for parts and are waiting to be auctioned. Some of the cars are spare because they are used when primary cars are not running.

City Manager Whitlow commented that any vehicle that is being used on the road is being carried by City insurance.

Upon a question from the Council about a possible insurance cost savings on vehicles, Finance Director Sewell commented that for safety reasons the City carried liability insurance on every car that the City owns. She further explained that there are sometimes discrepancies that vehicles which are listed as spare are pressed back into service. Until the vehicle is sold, liability insurance is kept on it.

There being no further business, the meeting adjourned at 6:05 p.m.

Gerald A. Jones, Jr., Mayor

Attest:

Jeanne M. Giblin, City Clerk