

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

**Monday, June 4, 2012, at 3:00 p.m.
Special Meeting/Budget Work Session**

The Honorable Council of the Town of Morehead City met in Special Session on Thursday, June 4, 2012, at 3:00 p.m., in the Training Room of the Morehead City Police Department located at 300 North 12th Street, Morehead City. The purpose of the Special Meeting/Budget Work Session was to review the City Manager's proposed Operating Budget for FY2012/2013 and the Municipal Goals. Those in attendance were:

MAYOR:	Gerald A. Jones, Jr.
MAYOR PRO TEM:	Harvey N. Walker, Jr.
COUNCIL:	George W. Ballou
	William F. Taylor
	Demus L. Thompson [Absent, excused]
	Diane C. Warrender
INTERIM CITY MANAGER:	Pete Connet
CITY CLERK:	Jeanne M. Giblin
OTHERS:	Police Chief Wrenn Johnson, Fire/EMS Chief
Jamie Fulk, Planning Director Linda Staab, Public Utilities Director Daniel Williams, Recreation Director Craig Lands, Finance Director Ellen Sewell, Human Resources Officer Susan Nixon, Public Works Director David McCabe, John Nelson	

Mayor Jones opened the meeting at 3:00 p.m.

Councilman Walker MOVED, seconded by Councilman Taylor, and carried unanimously, to excuse Councilman Thompson.

Budget Overview:

Interim City Manager Connet suggested reviewing the General Fund portion of the FY2012/2013 Budget. The proposed budget for FY2012/2013 is \$10,366,300. The tax rate remains at 28.5 cents per \$100 of valuation. There are positive signs in the economy, especially on the local level with the receipt of tax sales receipts. The Fund Balance is expected to remain the same.

Interim City Manager Connet reviewed Page 2, regarding the eight percent [8%] utility rate increase in mid-year [January 2013], which is the first in a series of proposed increases based on the rate study which was done in December 2011. This will again be evaluated this year.

The Sanitation Fund is proposed to have a 50 cents increase in the rate from \$19.00 to \$19.50 per month. This would keep revenues covering expenses with a modest amount to build up the fund.

The Fire/EMS Budget is over \$2.833 million. The City is requesting that the county allow the Fire/EMS Service Tax District remain the same at 7.5 cents for fire and 4 cents for EMS services. Carteret County has requested a formula for future use in what would be the costs for just the EMS services versus Fire services. Morehead City has asked the county what it would cost them to provide the services. It is believed that Carteret County cannot serve the entire area presently served by Morehead City without building another Fire/EMS Station and/or having their fire insurance rating go down.

Interim City Manager Connet reviewed Page 4, of the Executive Summary and advised that the General Fund Balance is expected to be \$3.2 million or 33 percent of annual expenditures. The proposed budget has provided the Water/Sewer Funds for the four [4] water treatment plants, the elevated water tank and well. The project for the Jib property is also included in the General Budget. An application for a CAMA Fund grant is pending for this project.

The Interim City Manager has trimmed \$557,522 from departmental requests and has reduced discretionary spending. The budget is a conservative approach. Every one cent [1 cent] of the tax rate generates \$189,000. No Fund Balance will be used for operating expenses.

The Council reviewed the Water/Sewer Budget and the necessity for the recommended eight percent [8%] increase in the proposed budget. In the Solid Waste Budget total revenues are projected to be \$926,300. An increase of 50 cents a month is recommended for the coming year increasing the monthly payment from \$19.00 to \$19.50.

The Fire/EMS Budget was reviewed. It was ascertained that Carteret County has been withholding \$468,000 of Fire/EMS Reserves for which the City provides Fire/EMS Services and which Morehead City has requested to be released.

Interim City Manager Connet reviewed Expenditures on Page 14. He proposed a three percent [3%] COLA [cost of living adjustment] for all employees and no reduction in health insurance benefits. The City realized a reduction in health insurance rates due to employee participation in the City's Wellness Program. There is funding for one [1] new and three [3] previously frozen full-time positions; two [2] of these are dependent upon the award of the COPS grant funding; one [1] position is in the Building Inspection Department.

One [1] new position in the Finance Department is being funded mid-year. Finance Director Sewell commented that it has been over ten [10] years since there was an increase in the Finance Department personnel and the new position would provide backup. All other positions and requests shall remain frozen. There is the same funding commitment from the City for the Downtown Morehead City Revitalization Association [DMCRA]. There is funding for the Jib site improvements project. There is no recommendation for installing an elevator at the Webb Memorial Library and the City is still researching alternatives.

In the Water/Sewer Fund there is one full-time position recommended. Some purchases in the maintenance of the water/sewer system are also being recommended for funding. There is a request for a separate off-system station funded by the septic haulers with an estimated income of \$50,000 coming from this. Another recommendation is the upgrading of the mapping of the water/sewer system.

In the Fire/EMS Fund, there is a recommendation for one [1] new full-time position for a Fire Marshal and one [1] new part-time clerical position. There is support for the City to continue strong efforts in the EMS billing collections.

Councilman Ballou requested the status of a Fire/EMS vehicle replacement schedule.

Fire/EMS Chief Fulk reported that the information was distributed at the last Public Safety Committee of the Council meeting.

Finance Director Sewell reported that with regards to the Commercial Mail Receiving Agency [CMA] located at City Hall, 242 mail boxes are available, with 42 being rented. As a cost saving measure, the City would like to eliminate Saturday mail delivery to the mail boxes starting on July 1, 2012.

It was ascertained that money is in the budget for the acquisition of I-pads for the Council.

Councilman Taylor commented that the Director's salary of the DMCRA is \$40,000 a year with no benefits and he would like to Council to consider raising this amount. He spoke about the increasing costs to run the DMCRA. It was ascertained that the City supplements approximately 1/3 of the DMCRA budget. He also commented that the DMCRA employees would like health insurance coverage.

Mayor Jones commented that the DMCRA started out several years ago as a business association with the idea that the City would provide funding on a descending basis; from \$25,000 to \$20,000 to \$15,000 over a time period. However, the DMCRA cannot raise enough funds to be self-sustaining. The DMCRA is a 5013 C organization and, therefore, cannot be employees of the City.

Councilman Ballou commented that in adding up all the DMCRA projects which Morehead City is funding, he felt the City was doing its part. He further discussed funds given to nonprofit organizations. He commented that the Soccer League serves many youngsters.

Police Chief Johnson commented that the two [2] police positions recommended for filling when and if the COPS funding is awarded in October would be helpful, however, the Police Department currently has 37 police officers which is less than three [3] years ago. She commented that 45 sworn officers are necessary to cover the demands of policing the City. She also stated that she lost civilian personnel to the Emergency 911 Center. Those personnel also did administrative work which has been given to the current civilian employees. The Police Department has over \$26,000 in overtime expenses and just about the same in compensation time.

Councilman Walker commented that the proposed taxi ordinance will create more administrative work and the City should consider hiring a part-time person to handle the taxi ordinance.

Mayor Jones commented that the Council is aware that the City is understaffed, however, the City needs a balanced budget without including a tax increase; and revenue has to come from somewhere.

Councilman Walker commented that we have to solve the City's problems creatively and maybe raising taxes is part of a solution. He continued that he does not want to raise taxes, but other options should be explored.

There being no further business, the meeting will be continued on Monday, June 11, 2012, at 3:00 p.m., in the Training Room of the Morehead City Police Department located at 300 12th Street, Morehead City.

Gerald A. Jones, Jr., Mayor

Attest:

Jeanne M. Giblin, City Clerk