

**TOWN OF BURGAW BOARD OF COMMISSIONERS
SPECIAL MEETING – BUDGET WORKSHOP**

DATE: May 27, 2015
TIME: 9:00 AM
PLACE: Burgaw Municipal Building
BOARD MEMBERS PRESENT: Mayor Eugene Mulligan
Commissioners Jan Dawson, Wilfred Robbins, Charles Rooks and Elaine Tyson
BOARD MEMBERS ABSENT: Mayor Pro-tem Howard N. Walker, Jr.
STAFF PRESENT: Chad McEwen, Town Manager
Sylvia W. Raynor, Town Clerk
Robert Kenan, Town Attorney
Bill Fay, Director of Public Works
Ashley Loftis, Finance Officer
Rebekah Roth, Planning Administrator
Kristin Wells, Deputy Clerk
Allen Wilson, Fire Administrator
Clay Jasper, Firefighter
MEDIA PRESENT: None
INVOCATION: Commissioner Charles Rooks
PLEDGE OF ALLEGIANCE: All

The meeting was called to order by Mayor Eugene Mulligan at 9:00AM. Mayor Mulligan turned the meeting over to Chad McEwen, Town Manager.

Mr. McEwen presented a PowerPoint presentation regarding the proposed FY 2015-2016 budget (PowerPoint presentation attached).

The image shows four separate PowerPoint slides arranged in a 2x2 grid. Each slide has a light blue background with white text. The top-left slide is the title slide for the 'Budget Workshop for the Proposed Budget FY 2015-2016' held on May 27, 2015. The top-right slide, titled 'Proposed Expenditures (FY 15-16)', lists two main categories: General Fund and Water/Sewer Enterprise Fund, with their respective FY 14-15 values and net percentage increases for FY 15-16. The bottom-left slide, titled 'Insurance Renewal Costs', lists four items: Property and Casualty Renewal (5% increase), Health Insurance Renewal (8% increase), Workers Compensation Insurance Renewal (30% increase, FY 14-15-20%), and Getting Quote from NCLM for all. The bottom-right slide, titled 'Personnel Costs', notes that personnel costs decreased from FY 14-15 and lists included items: no net increase in FTE, net increase of 1 PTE, proposed 1.5% COLA, payroll costs decreased by \$32,487, and a proposed Merit Pool of \$20,000 not included in the number.

Proposed Budget Overview

- No Appropriated Fund Balance Needed to Balance Budget for General Fund or W/S Fund
- No Tax Increase
 - Current Ad Valorem Rate - \$.48
 - One Cent - \$27,214
- Sewer rate increase of 10% due to Wallace rate increases
- Revenues - No major discrepancies between budgeted and year to date actuals
- Fund Balances -
 - General Fund - 63.2%
 - Water and Sewer Fund - 69.8%
- All CIP priorities funded (except for sign)

Budget Issue for Upcoming Year(s)

- Proposed Sales Tax Distribution Bills in NCGA
 - SB 369 *Sales Tax Fairness Act*
 - State sales tax replaces local sales tax
 - Requires per capita allocation (already being done by Pender)
 - Counties would have option for additional 1.4 cent that wouldn't be shared with cities
 - Cumulatively cities would lose \$120 million statewide
 - Burgaw would gain \$64k annually
 - SB 608 *Simple and Fair Formula for Sales Tax Distribution*
 - FY 13-14 would be "baseline" year
 - FY 16-17 conversion to state sales tax
 - Hold harmless
 - Any additional revenues would be distributed COUNTY wide on a per capita basis
 - May have a negative impact on sales tax revenues

Budget Issue for Upcoming Year(s)

- Walmart/ Murphy Gas/ Bojangles not factored in for FY 15-16
 - Ad Valorem
 - Powell Bill
 - Sales Tax
- Shrinking Movie Revenues
 - Result of change in state incentives
 - Revenues also down b/c of less PD officers working, decrease in fee for cars, and generally less filming in town through the course of the year

Budget Issue for Upcoming Year(s)

- Significant increase in rate charged by Wallace for Treatment
 - 10% increase in FY 14-15
 - Proposed 7.5% increase in FY 15-16
 - From \$2.20/per 1000 gals to \$2.365/ per 1000 gals.
 - Increase (without proposed Burgaw rate increase) would result in sewer portion of enterprise operating with a deficit
 - Final request for information from Wallace sent

CIP and other Significant Expenditures for FY 15-16

Buildings (M&R)

Item	Estimated Cost
• Town Hall Camera System	\$6k
• Garage Upgrades	\$25k
• Town Hall, PD, FD, and Boardroom Renovations	\$15k
• Arts Council Contract	\$15k
• Business Improvement District (BID)	N/A
– Funded on a case by case basis via general fund	

CIP and other Significant Expenditures for FY 15-16

Infrastructure

Item	Estimated Cost
• Sewer Rehab (Phase 2)	\$2.1M
• Public Drainage Improvements	ONGOING
• Street Paving	\$100k
• Water System Rehab (CDBG grant)	\$400k
• Touchless Meter Conversion and Water System Rehab (SRF loan/grant)	\$1.36M

CIP and other Significant Expenditures for FY 15-16

Infrastructure

Item	Estimated Cost
• Hydrants at Lift Stations	\$10k
• Phase 1 of NC 53 Corridor Plan (Roundabout)	\$910k
• Senior Center Sidewalk	\$400k
• Village on 18 lift station rehab	\$30k

CIP and other Significant Expenditures for FY 15-16

Equipment

Item	Estimated Cost
• Tire Changer	\$4k
• Police Tasers	\$7k
• Protective Equipment for FD (4 sets)	\$10k
• Computer Replacements (all depts.)	\$3k
• Dump Truck	\$40k
• Emailing Hosting Service Upgrades	\$8k

CIP and other Significant Expenditures for FY 15-16 (or before)

Equipment

<u>Item</u>	<u>Estimated Cost</u>
• Finance Server	\$6k*
• Secondary Server	\$5k*
• Antivirus Server	\$5k
• Asset Management Software — Utility Cloud	\$9k

* Purchased this year

CIP and other Significant Expenditures for FY 15-16

Personnel

<u>Item</u>	<u>Estimated Cost</u>
• PW Maintenance Worker	\$30k
• Promotion of Existing Employee (PW)	\$6k
• Intern/ Fellowship w UNCW MPA Program	\$10k

CIP and other Significant Expenditures for FY 14-15 (or before)

Policy and Administrative

<u>Item</u>	<u>Estimated Cost</u>
• COLA (1.5%)	\$30K
• Merit	\$20K

Unaccounted for C.I.P. Items Scheduled for FY 14-15 Consideration

<u>Item</u>	<u>Estimated Expense</u>
• Informational Sign	\$40-\$50k

Upon completion of his presentation, Mr. McEwen asked if there were any questions regarding the proposed budget.

There was much discussion regarding the proposed 10% sewer rate increase. Commissioner Rooks commented that since the town absorbed a rate increase last year, the public needs to be made aware that the town will not be able to absorb another increase this year. Mayor Mulligan asked if the budget is set at a 10% increase and the rates come in later at a lower rate, could we change the rates during the year. Mr. McEwen advised that once the rate is set there will be no going back and reducing the rate during the budget year. Commissioner Tyson said that since the town absorbed the increase last year, this year's increase would counteract some of the previous increase. Commissioner Rooks said he feels we have a justifiable rate increase considering the circumstance. Mr. McEwen advised the fund balance has been cut down considerably due to last year's increase and needs to be replenished; the rate increase will help with that.

Mayor Mulligan asked several questions regarding the decrease in fund balance. Ms. Loftis and Mr. McEwen advised at the end of this year it will be a wash and the fund balance will come back closer to the previous 70%.

Mayor Mulligan inquired about the merit pool. Mr. McEwen reviewed the process for rewarding merit increases to deserving employees.

Mayor Mulligan asked about the significant expenditures such as the roundabout, the sidewalk to the senior center, the hydrants at the lift stations and the lift station rehab at the Village on Eighteen. Mr. McEwen advised the state will be paying for the roundabout and the sidewalk to the senior center; the town will cover the hydrants and the lift station repair.

Commissioner Rooks expressed concern regarding the 100k that is budgeted for paving. He referenced the issues with paving Fremont Street and asked Mr. McEwen if we are underestimating the expenses for paving. Commissioner Rooks said his concern is that each year we are pulling money out of general fund and that maybe we should budget more during the budget process. After much discussion, there was a recommendation for staff to document what is done each year in order to have a record to look back on and to make determining needs for

paving more accurate. It was also suggested that paving proposals be prepared in conjunction with the annual budget planning in order to budget more efficiently.

Commissioner Tyson asked if the administrative position in the police department was budgeted as full time or part time. Mr. McEwen advised that on Interim Chief Briley's recommendation, the position was budgeted as full time and that the new chief would be allowed to hire his/her own assistant.

There being no further discussion, Mayor Mulligan thanked the policy/finance committee and staff for a good job on the budget. Commissioner Tyson made a motion to adjourn. The motion was seconded by Commissioner Rooks and carried by unanimous vote. The meeting adjourned at 9:56AM.

Eugene Mulligan, Mayor

Attest: _____
Sylvia W. Raynor, Town Clerk