



# *City of Boiling Spring Lakes*

## Board of Commissioners Budget Workshop Minutes

April 24, 2013 ~ City Hall ~ 10:00 AM

**Purpose:** The purpose of this workshop was for the Board of Commissioners to discuss the 2013-2014 Budget.

**Attendance:** In attendance were Mayor Richard D. White, Commissioner Carroll, Commissioner Caster, Commissioner Forte and Commissioner Glidden. Also in attendance were City Manager Jeff Repp, City Clerk Pamela Bellina, Finance Director Karen Thompson, Public Works Director Larry Modlin, Police Chief Bradford Shirley, Building Inspector James Nicholas, Parks & Recreation Director Mary Green, Building & Grounds Director Ernie Siriani, and Special Events Chairperson Mary Stilwell.

The Mayor asked the City Manager if he had any opening statements. The City Manager responded that he previously provided a revised draft #2 of the budget based on changes from last workshop summarizing the changes made. The sheet provided today shows recent budget changes for the State retirement rates and the health insurance rates. There was a slight increase on the retirement side and on the health insurance. It was projected at 9% but the actual number is lower at 2%. The net effect would be an increase by \$5,991 to the contingency for the upcoming year.

The Mayor asked for each Commissioner to give their comments on the budget.

Commissioner Caster felt it was fair to give a 2% increase across the board for the cost of living but the merit increase could be decided at a later date. If the Board was not in agreement with the 2% across the board increase, he felt a flat rate of \$1,000 would be fair because it applied to each employee regardless of their salary. With respect to the Police Department, he supports two officers and a car. With respect to Animal Control, his concern was who will pick up the animals and how fast. Commissioner Caster stated he was uncomfortable turning animal control over to the County.

The Mayor asked for a consensus on Commissioner Caster's recommendation of the 2% across the board increase or the \$1,000 flat rate increase. Commissioner Carroll asked what the dollar amount is for the 2% increase. The City Manager replied it is \$20,409 for the 2% COLA. Commissioner Carroll stated that would be slightly more than the 4% - 1%. The City Manager replied the 4% - 1% would be \$18,388. Commissioner Carroll commented that that would be about a \$500 difference. He then asked what the \$1,000 flat rate increase would reflect. The City Manager replied there would be 28 employees so \$28,000. Commissioner Carroll stated the 2% across the board would cost \$24,090 and the \$1,000 would be \$28,000. Commissioner Forte concurs that in order to be fair to everyone, he agrees with the 2% raise across the board because it improves morale. Commissioner Glidden stated the majority of the employees who make under



\$33,000 are the police force. She is in agreement with the 4% - 1% increase. The Mayor was inclined to agree with the 4% - 1%. The majority of 3 agrees with the 4% - 1%.

The Mayor asked Commissioner Caster what he recommends for the Police Department. Commissioner Caster stated he supports two officers and the car. Commissioner Glidden supports one officer in addition to the Grant officer. Commissioner Carroll stated when the Board met two weeks ago, he proposed a savings of \$257,829 which he arrived at because raises had been given previously. That year the employees received an increase, the residents received money back from the water assessment, however, because of the revenue neutral, some residents' taxes increased. Commissioner Carroll stated he was looking to create a tax cut of 4¢. With respect to the Police Department, he supports one officer plus the grant officer and next year take the next step toward another officer. Commissioner Forte was in favor of giving the Chief his two officers and a car. Commissioner Forte felt that the way the raise was figured, there would be one person in the police department who would be making more than five of the officers. Commissioner Glidden stated Commissioner Forte's number might be wrong and explained how.

The Mayor was in favor of keeping it as discussed two weeks ago with the one officer and the car. One car was purchased with the Grant, one was purchased for the Chief and the other was the car replaced with the insurance money. An additional \$12,000 had to be added to the insurance car. The majority of the Board agrees to keep one police officer. The City Manager stated there was one police officer in the budget but no car.

The Mayor went on to discuss Animal Control. He stated it was funded at \$25,500 last year and this year there is \$5,000 in the budget. The Chief proposed to do away with that position and it was discussed to contract with the County for \$10,000 per year. Commissioner Caster's concern was if it would work with the County picking up the animals. He felt that if the Police Department will be handling Animal Control that is another reason they should have two police officers. Commissioner Glidden agrees with Commissioner Caster about the coverage and does not know how it would work. She stated she believes we could try it for a year or half a year and address it again at a later time. Fiscally, it is correct to try it. Commissioner Carroll stated Sheriff John Ingram ramped up animal control just for this reason. A resident can call Allison and instead of one of our officers handling the call, she can call the County to handle. Commissioner Carroll thought we should give it a try. A budget amendment could be made later if the situation does not work. Commissioner Forte spoke with an animal control officer at the County and they are only on duty during the day. Our Police Department will still have to handle the call. They will have to pick up the dog, bring him to our kennel and then call the Sheriff's office to come and get the dog and then they would bring it to Bolivia. We are paying them \$50 to pick up the dog and bring it to the County. We captured the dog. He stated he was willing to try this but thinks it should come up for review after a short period of time. If the Chief is losing too much manpower capturing the animal and we are paying too much to the Sheriff to take the animals away, then we can make an adjustment.

Chief Shirley clarified the Board's concerns by stating they are currently handling animal control. Just this week they had calls on two dogs and an alligator. The two dogs were not claimed and our officers took the two dogs to Supply which is where the shelter is. The Chief stayed on duty and the two officers took the dogs to the shelter to learn the procedure. The Chief went on to state



the Police Department will be the first responders on an animal call whether it be a 911 call or a call to the department. It will be up to the officers handling the call whether they need the County Animal Control to assist. The Mayor was in agreement keeping animal control as discussed two weeks ago and reviewing the situation later. He stated the Chief can prioritize the animal control calls and he thinks we can save money where we can.

Commissioner Glidden started to discuss Schneider's Park. The Mayor stated the funds to refurbish Schneider's Park will be taken out of the capital outlay fund and is not in the budget.

Commissioner Glidden asked if the City Manager received a second and third proposal for the hosted IT. The City Manager stated he is awaiting receipt of two more proposals along with the proposal from Double Radius. Commissioner Glidden ask for clarification on the seats being increased from \$140 to \$205. At the original meeting with VC3, they stated it would be \$140 and Holden Beach and Caswell Beach are \$100. Her question was why has our number doubled. The City Manager stated that there is a base charge that comes before the \$140. He took the base charge, divided it by 17 seats so it reflects a true cost. Commissioner Glidden asked if this charge is for the initial year or every year. The City Manager stated it would be for the five year contract. Commissioner Glidden asked if the base rate is included all five years. The City Manager replied that the base charge plus the \$140 equates to \$205 per seat and that figure was in their IT assessment. He went on to state we will get the cost from the other proposals. The reason for the \$100 for Holden Beach is because they still own their equipment and that price was just for a company to host their servers. The PCs are owned by Holden Beach and would have to be replaced by Holden Beach. That is why they were lower than the \$140 for our quote. You will receive the other written proposals before anything is done.

Commissioner Glidden then asked why Building and Grounds had the \$22,650 for one time IT improvements to City buildings. The City Manager replied because that department covers all the buildings where work is being done. Commissioner Glidden asked what the total cost is. The City Manager replied approximately \$56,000. Commissioner Glidden asked how many seats, 17 or 18. The City Manager replied 17. Commissioner Glidden asked if we can take baby steps instead of giant steps. The City Manager replied to keep in mind that if we go with the hosted solution, we are state of the art all the time. The equipment is supplied by VC3. Commissioner Glidden asked if next year the \$34,000 will be divided between the different seats/departments.

Commissioner Glidden's other concern was the five part time positions for Parks and Recreation instead of the four last year with the same amount of children. Mary Green stated she had five last year as well so in essence you would be cutting a position. Commissioner Glidden stated she thought a position was being adding there somewhere. She asked the City Manager how many part time positions there were. Mary Green stated she was adding the one safety position. The Mayor stated according to the organization chart, there were 10 part time positions. He stated this budget was reflecting 12 which is 2 more than on the organization chart. Karen Thompson stated 10 last year and 12 this year. The City manager stated there was one after-school position which was reduced. Mary Green stated she had a vacant position last year which she would like to fill this year with the additional safety position during the winter months when she has staff there alone. The Mayor asked Commissioner Glidden if that was her proposal to keep the positions at what they were in last year's budget. Commissioner Glidden stated she would consider 11 instead



of the 12. Mary Green asked which position because the salaries were different. Commissioner Glidden stated that was not something they could decide.

The Mayor asked Commissioner Caster if he had any comments. Commissioner Caster stated he did not have any comments about the hosted IT and the Parks and Recreation part time positions. He did want to bring up the Fire Department request for the camera. The City Manager stated that it was not currently in the budget. The Mayor asked Commissioner Caster what his opinion was about the \$56,000 for VC3 to leave it in the budget. Commissioner Caster replied yes, sir. The Mayor then asked about the 11 part-time positions - leave it as last year or add a position. Commissioner Caster replied he did not understand the safety person at night. The City Manager replied it was to have an additional person working at night during the winter months for safety concerns. Commissioner Caster stated he supports 11. Commissioner Carroll stated he supports 11 part-time positions at Parks and Recreation. With respect to VC3, he does not know how a decision can be made today. He prefers to wait until there were two more proposals. The City Manager stated he used the proposal from VC3 to have the funds in the budget but it does not mean that we will go with VC3. We will go with the best responsive proposal we get. For purposes of having something in the budget so that we do not have to come back and make budget amendments. By the June meeting we should have the 3 proposals. It will definitely not be more than what is currently in the budget. The Mayor stated that as it stands with this budget, we are buying something and if it does not cost that much, we keep the money. This budget reflects the tax rate. We cannot reduce the tax rate if we decide we are going with another company. The Mayor proposed to cut it down to \$40,000 and then once we get the additional proposals, if needed we can add money from the savings but did not want to into it at \$56,000. Commission Carroll stated that if we do that then we will have a budget amendment right after approving the budget. The City Manager stated either way you can do the budget amendment. If it comes in at \$40,000 and we have \$56,000 budgeted, then the \$16,000 can be allocated where ever you want. The Mayor stated we set the tax rate in July, not in August. If we do not need 17¢ per 100, when you add the figures in and they are incorrect and we set the tax rate, we cannot turn around and give \$16,000 back to taxpayers. He would prefer to go in with a roundabout number and pull from the savings. The Mayor stated he would hate to set a tax rate and collect from the people and not spend the money. Commissioner Glidden stated if we could save and do a tax cut, then she is for it but we need to keep in the back of our minds that we are going to have to pull from the savings. Commissioner Glidden stated \$48,000 is reasonable.

Commissioner Carroll asked the City Manager what was the bottom line total price of the budget as presented two weeks ago. The City Manager replied \$2,837,824. Commissioner Carroll then asked how much was saved or added to the budget since the last workshop. The City Manager stated the original budget for the general fund started with a contingency (or revenues over expenses) of \$53,690. As of today with all of the cuts, you are up to \$140,176. Commissioner Carroll asked if that was a gain. The City Manager replied that was revenue over expenses. It was a gain of \$90,000.

Commissioner Forte felt that every time we need to cut something we attack Parks and Recreation. If they had 11 last year, then I am fine at 11. As far as VC3, he stated he stops by City Hall a few times a week and sees the girls jumping from computer to computer just to get their work done but



he felts that \$56,000 is too much. He agreed with the \$48,000. He further stated if they were going to cut the budget, to do it in a logical place, not with employees.

The Mayor summarized with respect to VC3, we will cut that to \$48,000 and Parks and Recreation to 11 positions.

Commissioner Forte stated he would like to see 2% across the board. For the police, he would like to see two officers. He stated he was concerned because capital improvements were never brought up. He commented he knew Ernie needed equipment. He asked if there was anything desperately needed that should be addressed. He stated they should look at what their needs are. It seemed to him to be a consensus of the Board that they were doing this because they want to do a tax decrease. With the exception of Bellville who has no services, our City has the lowest tax rate in the County. It seemed to him they were cutting some necessities for possible political gain. He thought the tax rate was beyond reasonable and why were they messing with it. The City is in good financial shape, let's keep it that way. The Mayor stated that the cost of living raises were already decided with the majority, the Police was majority, and capital improvement there was a line item in the budget of \$150,000. Commissioner Forte stated that nothing was discussed as to what. The Mayor stated there were two proposals under capital improvements was Schneider's Park and the floating dock. Larry Modlin stated he submitted something for capital improvement and has not heard a word about it from anyone and it had nothing to do with paving roads. The Mayor stated the tax decrease is something we have to set in the budget first.

Commissioner Carroll wanted the correct history known. The first year he voted against the budget because he thought there was overspending. Second year he voted for the same reason but in that year he brought up a tax decrease which was met with quite a bit of resistance. There was no election during this time. Last year he brought up a tax cut and again it was met with resistance. This year before the Board started discussing the budget, he brought it up again. With respect to the raises, he stated he wanted to provide a tax cut but wanted to remain competitive. He stated there had been a widening of the gap. He gave the instance of someone making \$45,000 and someone making \$22,000 in that range and there was a \$50 difference annually of what those two raises would do and it was not a lot different from Commissioner Caster's two and two as far as what it would cost. He has had suggestions of other ways to save money which has to do with salaries but personally rejected them. He went on to state that the Board was about \$140,000 away from where he was originally. Commissioner Carroll proposed a 4¢ tax cut. He commented that the Board could still find this money without any drastic harm and give the residents something back.

Commissioner Glidden thought that the Department Heads would have put in what they needed in their budgets and Jeff would have weeded through them. She thought that what they were given was what the Department Heads needed. As far as the tax rate, revenue neutral is not revenue neutral. She was expecting to pay the same but had to pay more. She would love to give 2% and 3% across the board but thinks they were doing right by the employees of the City but they also have to look at helping the residents.

Commissioner Caster reminded the Mayor that the Fire Department request had not been addressed. The Mayor asked the City Manager about an appropriation he had written down of



\$50,934 but could not remember what it was for. The City Manager stated it sounded like the contingency of \$53,690 at the end of the last budget session which was revenues over expenses. The Mayor asked if they added \$50,000 to the capital outlay to maintain the \$150,000. The City Manager stated what was proposed was to start the year at \$150,000 which would be reduced by the floating dock and Schneider's Park. The Mayor stated that, under the contingency fund, the expenditures of \$140,176, he would like to do away with that line item. He stated it shows expenditures to meet the revenue and they were setting the tax rate at 17¢ but let's show all the money spent to cover the 17¢, so it is not a true figure. He asked the City Manager to remove the contingency line item of \$140,176. Commissioner Forte asked for clarification. The Mayor replied that the tax rate was 17¢ and the City brings in \$2,140,176 but it is going to cost \$2,000,000 to run, it is showing revenue to meet the tax rate so that is not a true reflection of what is needed to operate the City. The City Manager said that was basically your operating reserve for the year.

The Mayor summarized the budget workshop. They gave agreed to drop VC3 to \$48,000 and the Community Center to 11 part-time positions. Commissioner Caster reminded the Mayor about the fire department request. The Mayor stated that would come out of the contingency fund if approved.

Mary Stilwell mentioned that Special Events had found a place to store its equipment so she no longer needed the \$702 in the budget for the storage unit and believed there should be a refund. The Mayor asked the City Manager to remove that from the budget but the City Manager stated the \$702 was no longer in the budget.

The Mayor brought up the request from the fire department for a camera. Commissioner Glidden asked if the Fire Department already had a camera. The Mayor replied there were two. They were requesting a third so there would be one for each station. The City Manager stated in their cover letter the number of units they currently have. Commissioner Caster stated they want one for each station. Commissioner Forte commented that it is an invaluable piece of equipment used to detect if there is something still burning inside a wall. Commissioner Caster asked the Board to support the \$10,300 request. Commissioner Glidden asked if the funds will come out of the capital improvement fund. The City Manager replied he would prefer it not to come out of that fund because the authorization the Board passed with the creation of that fund was for capital expenditures not equipment. It would reduce the \$150,000. Commissioner Glidden stated although she is the daughter of a New York City firefighter, she was unsure about the request. Commissioner Forte was for the request and stated that one of the cameras is old. Commissioner Carroll was not for the request at this time but would like to revisit at a later date. The Mayor was not in favor of the request because he was not sure what the County will be doing with respect to the fire tax. The City Manager stated he gave a letter to the Board that they will not be entertaining that this year. The Mayor then went on to state the City is giving them a vehicle and a meter for pressure test. The City Manager stated you also gave them \$4,000 last year. Commissioner Glidden feels the Board should hold off. The request can come out of the savings but thinks the existing camera can be held in the Chief of the Fire Department's car. Commissioner Caster stated that it should not come out of the contingency fund but out of the budget. He asked that the request be voted on today, not at a later date. The Mayor stated the majority does not want the camera included in the budget.


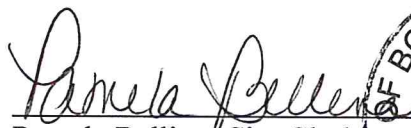
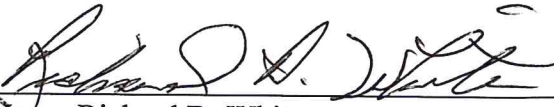


The Mayor reviewed the changes to the budget as follows: cut VC3 to \$48,000, cut the Parks and Recreation part time positions to 11, and remove the \$140,176 contingency line item. He believed that was all of the changes from the previous budget of two weeks ago except for the two proposals from the other computer vendors. The City Manager commented that he has enough to work with right now and will come back to them for approval. Commissioner Carroll asked what was the time frame needed. The City manager stated that it was up to the Board whether they want to meet or not before the public hearing which is set for the next Board meeting. Commissioner Carroll stated he wanted to speak further about the request from the Fire Department. He also wanted to try to calculate the tax decrease. The City Manager stated they probably have \$150,000 in the contingency. A 4¢ tax would be 44 x 4 so we would have to reduce the budget by \$22,000. Commissioner Carroll commented because they were already \$140,000 ahead. The City Manager stated \$150,000 ahead with the changes made today. The Mayor responded \$177,434 if that figure of \$44,354 is correct. Commissioner Carroll commented that they needed another \$20,000 roughly and that was the reason he was requesting another meeting. The other option would be 3¢. He stated they were real close to the 4¢. The City Manager advised that if they do the 3¢, then they would have a reserve at \$30,000 for next year. Commissioner Carroll went on to state if he thought he could see a four one or five zero on 3¢ rather than lose three two on 4¢ like he had in the past, he would certainly go down to 3¢. The Mayor asked what was he recommending, 3 or 4. Commissioner Carroll stated he recommended 3 and if that did not float, then he would come back and recommend 4. There may be a buffer for the fire department. Commissioner Caster wanted to hear more about it. Commissioner Glidden stated if they can do 3¢ without cutting anything else, she agreed. Commissioner Forte stated that not to cause waves, he would go along. The Mayor stated the majority of the board agrees with a 3¢ decrease in the tax rate. The City would go from 17¢ to 14¢. He then asked if anyone had anything else. Commissioner Glidden asked would they see numbers again. Commissioner Caster asked if it was the consensus of the Board to not give the fire department the piece of equipment they requested. The Mayor stated they wanted to see the new numbers again. Commissioner Caster stated to offer the decrease, there were so many things up in the air. He asked if there was a guarantee that the sales tax will stay the same. The City Manager replied projections are 3% but he could not answer that question. Commissioner Caster does not want a tax cut based on proposals but based on facts. He stated he did not want to cut taxes this year and then raise them next year. Commissioner Carroll asked why. He commented that if they can give a tax cut this year and then next year cut it further, would they not do it three years in a row. The Mayor stated that with the federal government, the sales tax should increase tremendously because of internet sales tax.

Commissioner Carroll asked if the Board should meet one more time. With respect to the Fire Department request, if he were backed into a corner, he would say no; but he would like to think about it. The Mayor asked if the City Manager and Finance Director could have the numbers by Friday. The Finance Director stated yes. The City Manager stated to keep in mind we advertised that the figures would be available to public on Friday. We can have them but you are not adopting the budget until June and the public hearing is May 7<sup>th</sup>. There is nothing that prevents you from bringing the funding of the fire department request up on the 7<sup>th</sup> after we have presented you with the numbers. The Board can have a meeting in May at some point should you decide, but your deadline is the June meeting. The budget will be presented to the public on May 7<sup>th</sup> with it not being in there but there is nothing that prevents you from adding it before June.

The Mayor stated we could get together at 5:30 on May 7<sup>th</sup> for a workshop to look over the numbers. Commissioner Glidden asked what will be available for the residents on Friday. The revised version of what was discussed today. The City Manager replied, yes minus anything for the Fire Department.

A motion was made by Commissioner Caster and seconded by Commissioner Carroll to adjourn the budget workshop at 11:27 AM.

The official seal of the City of Boiling Springs, NC, is a circular stamp. The outer ring contains the text "CITY OF BOILING SPRINGS LAKES" at the top and "NC" at the bottom. The center of the seal contains the words "OFFICIAL SEAL".  
  
Pamela Bellina, City Clerk  
  
Mayor Richard D. White