



**City of Boiling Spring Lakes
Board of Commissioners Proposed Budget Meeting
April 23, 2014
City Hall – 9:00am**

PLEASE TURN OFF CELL PHONES

1. Call to Order – Mayor Craig Caster

Mayor Caster called the meeting to order at 9:00am

2. Attendance: In attendance at the meeting were:

Mayor Craig Caster	Commissioner Barbara Glidden
Commissioner Mike Forte	Commissioner David Putnam
Commissioner Mary Stilwell	Police Chief, Brad Shirley
Jim Nicholas, Director Bldg. Inspections	Mary Green, Director Parks & Rec.
Brian Cavanaugh, Public Works	Karen Thompson, Director Finance
Ernie Siriani, Supervisor Bldg./Grounds	Jeff Repp, City Manager
Jane McMinn, City Clerk	

3. Mayor Caster stated the purpose of this meeting is for the board of commissioners and the city manager to discuss the proposed budget for the 2014/15 fiscal year.

City Manager Repp relayed that the budget was developed over the last three months by city staff for presentation to the board of a balanced budget for the upcoming fiscal year. A lot has happened since this time last year when the board met and approved the current budget we are now working under. We have had the change in Reeves Telecom properties; also we now see the impact of the Affordable Care Act on our health insurance rates. Another factor that was also put into the budget was the workshop that was held here in March establishing the priorities of this board and how they should be factored into the budget that is being presented today. City Manager Repp thanked Karen and the other department heads for their work in submitting their budgets; which lead my recommendations to the board with a balanced budget for the upcoming year. As an overview, staff is recommending a number of revenue changes, primarily in the area of the tax rate. City Manager Repp recommended that the tax rate be taken back to the \$0.17 per hundred that was in affect two years ago to generate additional revenue. This tax rate adjustment will help offset the cost of the Reeves Telecom properties that will at sometime be taken off the tax roles; but also to fund the priorities of animal control, public safety, as well as the areas of storm drainage and making improvements within the cities infrastructure.

On the revenue side we are recommending a 3.5% increase in sales tax rate revenue.. We are projecting based on the numbers provided by us by the State that sales tax revenue, our largest source of revenue, will increase by about 3.5% this upcoming year vs. the 4.5% that the State will be looking at as an increase statewide. We are anticipating 30

homes to be constructed in the upcoming year. Based on those 30 homes being constructed; those associated fees have been built into the budget.

On the expenditure side of the budget on personnel, we are recommending a 2% COLA as well as a 1% merit increase. That is dependent partially on what we decide to do with health insurance. We received 3 quotes last week for health insurance. If we were to maintain the same level of insurance that we currently provide we would be looking at about a 20% increase in our health insurance rates with our current provider. We also received quotes from Blue Cross and Blue Shield and United Health Care and I am still waiting for the League of Municipalities through the trust that they provide. Once that number comes in I will be able to formalize a recommendation regarding our health insurance with respect to our employees. A 10% rate that was quoted to us by our current provider, First Carolina, involved some plan modifications such as higher co-pays for doctor visits which would increase to \$35, the deductibles would increase as well as visits to specialists would increase. My proposal to the board since I have factored into the budget you have before you is a 25% increase, if we in fact go with the 10% health insurance increase, the savings that would be contained in this budget, the 25% would be factored back to the employees in the combination of the COLA increase and merit increase. Hypothetically the 2% COLA increase would go to 3% and the merit would go from a 1% to a 2% increase, if those numbers worked out in the savings. This is what I am proposing to the board for your consideration since the employees would be paying more out of pocket for health insurance with a plan change. It would not be the same plan we have today. That is the idea of the COLA, merit and health insurance.

We propose filling two positions which are within the police department. A position of an investigator and the other within animal control, both would be sworn full-time officers both under the control of the chief of police. Other items that are highlighted were items that were recommended by the department heads and what I have included in the budget to get to a balanced budget. As we go through the budget by each department we can explain more accurately.

The Board of Commissioners reviewed the budgets with questions on line item numbers for the city manager and department heads.

4. **Overview**

- a. Recommendation of a 3% tax increase from 14% to 17%;
- b. The board agreed to leave the feasibility study in for the police department only. It was determined not to include the Community Center in that study and not consider combining the Police Department and the Community Center together so there would be no exposure to children of possible danger and activities surrounding police work;
- c. The purchase of four wheel drive vehicle for the police department to include the in car camera and computer will be left in the budget. The City Manager also stated that the

patrol car requested in the budget had been removed but may be funded out of the current year budget if revenues continue as projected;

e. City cleanup week leaving in the budget \$8,000 for possible dumpster use and further comments from citizen's forum;

f. Recommendation from the Capital Improvement fund ,for the fishing "T" pier at Schneider Park and also replacement of a Elliptical and Treadmill and the new exercise program of Fitness on Demand (FOD) equipment. The FOD cost is of set by the revenue to be generated by this new program(s); and

g. Also from the Capital Fund would be resurfacing and sealing of the parking lots at City Hall and the Community Center to include the restriping of the parking lot at the Community Center only.

One further point made by the City Manager was with respect to the tax and tag provision that has been put on motor vehicles. Per the state we will now be paying for our tag registration and county tax together. City Manager Repp anticipates a significant increase in the collection of property taxes with this change. We do not have an idea what that amount will be so I have kept the numbers fairly conservative.

5. City Manager Repp will provide the following information that has been requested:

a. An estimated cost of a part-time janitor and a quarterly cleaning person as a comparison; and

b. The number of street lights located in the City that we must pay.

6. Board Comments

a. Commissioner Glidden made the suggestion that the Volunteer Appreciation function be held in the evening so everyone can have the opportunity to attend.

b. Mayor Caster requested a title change from Civil Engineer/Project Manager to City Engineer and also commented on the \$75,000 per year salary and questioned the possibility of that salary not being high enough. City Manager Repp commented that he did a comparison of surrounding municipalities of the same size and came up with that salary as an estimate. The grade level is a 29 which is between \$59,116 to \$87,491.

It was the consensus of the board that there was not a need to have a follow-up meeting on April 30th.

A **motion** was made by Commissioner Putnam and seconded by Commissioner Stilwell to adjourn the meeting.


Vote 5 ~ 0

The meeting was adjourned at 11:47am.



Craig Caster, Mayor

ATTEST:



Jane McMinn, City Clerk



Date