



Board of Commissioners Budget Workshop Minutes
Friday, April 21, 2023 at 9:00 a.m.
City Hall

1. Call to Order - Mayor Jeff Winecoff

Mayor Winecoff called the meeting to order at 9:00 a.m.

Attendance:

Mayor Jeff Winecoff
Commissioner Tom Guzulaitis
Commissioner Teagan Hall
Commissioner David Mammay
Commissioner Kim Sherwood
City Manager Gordon Hargrove
Finance Director Suzanne Tungate
Public Works Director Aaron Harward
Police Chief Kevin Smith
Chief Code Enforcement Officer Ruth Bek
Parks and Recreation Director Chris Sims
City Clerk Nancy Sims

2. Pledge of Allegiance

Pledge of Allegiance was recited.

3. Approval of Agenda

Motion to approve the budget workshop agenda

Moved by: Tom Guzulaitis

Seconded by: Kimberly Sherwood

Motion Carried 5-0

4. Overview FY 2023-2024 Recommended City Budget

Mr. Hargrove started by saying from a staff perspective the biggest thing we need to do is increase the fund balance. This budget does not include any capital improvement items, except for the dams, to start to build it back up. You will see departmental

requests and then our recommendations. This budget does not decrease departmental services. It includes a high level of services to the citizens. You will also see a list of capital improvements projects ("CIP"). If we are going to include any projects other than the dams, we will need to move money from the fund balance. The fund balance as of right now is \$3,741,300. We increased it by \$607,000 last year. That represents a 47% fund balance operating ratio. The LCG requires 30% fund balance operating ratio in coastal communities. For fund health they now compare us with other communities. We have to be very careful because if we lose too much fund balance we will receive a letter from the LGC. This Budget also includes an 8% COLA for City staff. Last year there was a 5% COLA.

Commissioner Guzulaitis wanted to know a forecast of what this year may add to the fund balance. **Ms. Tungate** replied between \$1.5 and \$2 Million only because of ARPA Funds. He then confirmed other than the ARPA money, this budget doesn't add anything to the fund balance. **Ms. Tungate** agreed, but it also won't take anything away either.

Mr. Hargrove stated the way to add to the fund balance is managing the budget. Departments ideally won't spend everything in their budgets and return it. **Ms. Tungate** said we budgeted expenditures higher and revenues lower. **Mr. Hargrove** added this budget allows us to continue the same level of service and allows for some improvements for non-capital expenditures directed to stormwater.

Mayor Winecoff asked if with this budget year it can be started that any department money not used be rolled over into a capital reserve for that department. **Mr. Hargrove** responded we can do that and bring it to the BOC as it is detected. Once money is deposited into a capital Improvement account they will need to use it just for that. Discussion took place about how capital improvement money could be used. **Ms. Tungate** advised for separate departments it would require separate accounts.

Mr. Hargrove suggested we have a list of CIP for each department. You can arrange a list in order of importance. Keep in mind the CIP is over \$5,000.

5. Departmental Proposed Budgets (Presented by City Manager and/or Finance Director)

Revenue Estimates

Ms. Tungate went over the revenues expected. She mentioned the real estate taxes are slightly higher this year because of the increase in housing, but revenue neutral taxing will decrease it to 19 cents. Then she went line by line for revenue and described the projected fee schedules for this fiscal year. Discussion took place about the increase in fee schedules.

Planning & Zoning

Ms. Tungate described line by line the planning and zoning budget. **Mr. Hargrove** noted the \$17,000 for professional services. He had concerns with that amount and didn't think McGill should be used for planning and zoning. He has had a conversation with Zoning Administrator Mark Bloomer about this. Instead of McGill we should take

advantage of the COG who has expert planners on their staff. **Ms. Tungate** suggested that line item be listed at \$10,000.

Commissioner Hall wondered why the zoning technician and administrative assistant classes are two prices instead of one. **Ms. Tungate** advised there is different training for each one.

Public Works

Ms. Tungate went line by line through the public works budget. **Mayor Winecoff** said when the lakebed people were hired they were supposed to be paid from grant money. **Ms. Tungate** stated for payroll purposes their pay has to come out of the general fund. **Mayor Winecoff** added his understanding was they were to be contracted with no benefits. **Mr. Harward** replied they are full time temps. **Mr. Hargrove** added that State law requires when anyone works over 1,000 hours per year, the City must provide health insurance and benefits. **Commissioner Hall** said there is two full time staff working one piece of equipment. **Mr. Harward** explained what they need to do to move the mat and machine. They work 10 hour days. **Commissioner Hall** then asked how many hours they are actually cutting. **Mr. Harward** replied nine. **Commissioner Sherwood** confirmed there are seven full time employees, three part time and two Seasonal. **Mr. Harward** replied yes. The part time is a cleaner who does City Hall, Public Works and Police. **Commissioner Guzulaitis** asked if there was any incentive for them to complete the lakebed early. **Mr. Harward** said there is no way to answer that. **Mr. Hargrove** added we will have to cut the lakebeds again, but it won't be as labor intensive the second time around.

Commissioner Guzulaitis asked if tree removal under contracted services was new. **Ms. Tungate** replied, no we just never budgeted for it, we have spent for it, but never budgeted.

Mayor Winecoff called to recess the meeting at 10:00 a.m.

Mayor Winecoff re-opened the meeting at 10:10 a.m.

Commissioner Hall asked if vehicle repairs were outsourced. **Ms. Tungate** replied they are fixed in house unless it is something staff cannot fix.

Commissioner Sherwood asked about repairing the public works building as \$25,000 was put in the budget last year to demolish it. **Mr. Harward** asked if he could carry that over. **Commissioner Sherwood** replied no, you should use the money now. We have been asking to do this for a year and it hasn't been done. **Commissioner Hall** added a year ago it was deemed unsafe so it needs to come down.

Public Safety

Ms. Tungate delivered the public safety budget line by line. **Commissioner Hall** inquired how many officers are radar certified. **Chief Smith** replied 10. She then inquired how long the radar certification is for. **Chief Smith** replied three years.

Parks and Recreation

Ms. Tungate read the parks and recreation department budget line by line. **Commissioner Sherwood** wondered why the adult programs were so much less this year. **Ms. Tungate** replied the trip is under contracted services.

Commissioner Hall asked about the person hired as an instructor. **Ms. Tungate** replied the client pays for her during rec desk sign up and then we pay her. She is a 1099 employee. **Commissioner Mammay** asked if we recover the \$4,900. **Chris Sims** responded, it is a pass through account. The way it works is clients sign up through rec desk and sign a waiver. They pay their fees and then the instructor gets paid monthly. The money for the fitness class does not generally meet the contracted price so the City makes up the difference in pay. **Ms. Tungate** added we paid the fitness instructor \$540. **Mr. Hargrove** wondered why people aren't also paying the personal trainer directly. Further discussion then took place about the trainer being paid by the City versus being paid personally. **Mayor Winecoff** opined people should pay the personal trainer themselves. The City may be liable for anything that happens because we pay them. **Commissioner Mammay** asked the City Manager to check with our attorney to see about our liability. **Commissioner Hall** wondered if the department has any staff that can instruct a class. **Chris Sims** replied only upon absences. **Commissioner Hall** then inquired what it would cost for a City staff member to be certified to be a personal trainer. **Chris Sims** responded I would have to check, but to be paid by Silver Sneakers the trainer needs to have a certification. **Mayor Winecoff** asked what the personal trainer charges per person. **Chris Sims** was not sure. **Commissioner Hall** asked how long the contract was. **Chris Sims** replied it is six months. We probably won't renew it so that amount can be subtracted from the budget. **Commissioner Guzulaitis** asked if there would be any benefit in the contract being between the trainer and the person directly. **Chris Sims** said no just a matter of trust and bookkeeping.

Commissioner Hall then wanted to know about the painting classes. **Ms. Tungate** replied he is a 1099 employee as well. **Ms. Tungate** added with the painting classes we may have to purchase some paint. The painting instructor gets paid \$35 an hour for a small class and the fee covers the contract cost. If no one uses either the personal trainer or the painting instructor they don't get paid.

Commissioner Mammay felt the \$3,500 for advertising with the Pilot can be better spent elsewhere. He was not in favor of that and opined there is a better way to reach people with today's technology. **Commissioner Hall** queried how many ads you get with the year round contract with the Pilot. **Chris Sims** replied that includes every week a smaller QR code and once in a while a larger ad for whatever is coming up, such as after school concerts, etc. **Mr. Hargrove** asked if that was the most effective use of this money, or could you use another vehicle for advertising. **Chris Sims** replied we do use Facebook, but we understand that e-pilot circulation is pretty high in this area. **Commissioner Hall** added we want to make sure we are making good decisions about this. **Commissioner Mammay** asked if staff used Facebook blasts. **Chris Sims** replied yes, but we are not sure if it has made an impact. **Commissioner Guzulaitis** felt \$1,000 for social media and forget the Pilot ad was appropriate.

Commissioner Hall then wanted to know how many staff the Parks and Recreation Department has. **Chris Sims** replied right now five full time, and three working part time. **Commissioner Hall** wondered with the part time staff do you keep track of their hours and keep them under 1,000. **Chris Sims** replied yes, one is a lunch manager and is kind of quasi-funded through the County. We are trying now to get a BSRI grant. She continued Brian Frey left, he worked 2:00 to 10:00. Our bus driver and morning care person left because he couldn't handle the kids. He took over the cleaning hours. The position for program assistant is a split shift, morning and afternoon.

Commissioner Hall wanted to know why the rental fees were not raised. The children and senior programs were raised but not rentals. **Chris Sims** responded in speaking with the community center supervisor there are not a huge amount of rentals. We had just raised them last year and the opinion of the supervisor was to leave them as is this year until we get a little more grounded. There are also little things we need like an ice machine.

Commissioner Guzulaitis stated there is a line item for new programs, what are they? **Chris Sims** replied they are whatever people may come in and ask us for. It may be couponing, pottery, etc.

Commissioner Sherwood wondered why \$42,000 was requested for youth programs but the admin only recommended \$27,000. **Chris Sims** replied the \$42,000 was based on cost. **Mr. Hargrove** added last year there was \$26,500 for youth programs. Unfortunately with the current staffing levels they would need to hire additional people or they won't have the capacity to increase other programs. That is why we left it at \$27,000.

Commissioner Hall asked if they considered outsourcing with 4-H, the school or others for free programs. Or, partnering with Southport. **Chris Sims** replied the problem is seniors don't want to drive that far. **Commissioner Sherwood** said this is a big deal for seniors.

Commissioner Hall also inquired if the replacement minibus will be used. **Chris Sims** replied yes, we have looked at a 42 passenger bus. **Commissioner Hall** wondered if CDL licenses would be provided by the City. **Ms. Tungate** stated they cost \$100.00.

Commissioner Guzulaitis mentioned a higher priority for security and lights at the Community Center. **Chris Sims** stated Duke Energy surveyed our parking lot, the concern is the back of the building when we take out the trash. **Commissioner Guzulaitis** said I can buy a ring camera for \$500; \$8,800 sounds expensive. **Chris Sims** explained they are inside and outside cameras. **Commissioner Guzulaitis** felt more estimates were needed.

Commissioner Hall said regarding the kayak storage rack, with all the crazy people setting fires is that a good idea? **Chris Sims** replied the kayak rentals eliminate us altogether. They are a company that takes care of all the kayak rentals. **Commissioner Sherwood** wanted to know about liability. **Chris Sims** replied they handle all the liability.

Building Inspections

Ms. Tungate went through the inspections budget line by line. **Commissioner Mammay** wondered if inspections ended up in black or red for last year. **Ms. Tungate** replied red by \$7,000. **Commissioner Hall** asked how we fix that. **Ms. Tungate** replied by increasing the fees. **Commissioner Mammay** said since they are in the red, two classes for each person per year is plenty to meet their criteria. I am all for increasing their knowledge but four classes a year isn't required. Discussion took place about levels of training. **Mr. Hargrove** suggested to cut training in half to \$6,500 and let them decide.

Regarding departmental supplies, **Commissioner Guzulaitis** asked why there was an increase of \$3,000. **Ms. Bek** replied the Code books can be put off until next year that will reduce that by \$2,000. But we do need the electrical books for \$1,000.

Code Enforcement

Ms. Tungate also went through the budget line by line for code enforcement. **Commissioner Hall** asked if we will get back the \$20,000 spent for demolition. **Ms. Tungate** responded yes, but it takes time.

Ms. Bek added that two of the \$1,650 entries can be removed from training as they are already done. Also, we will be doing zoom classes as much as possible. Mike is obtaining his level one, which helps with code enforcement. Scott is at fire level two now, and also took plumbing earlier in April.

CONSENSUS to recess the meeting at 12:20 p.m.

CONSENSUS re-open the meeting at 12:36 p.m.

Administration

Ms. Tungate listed the line by line budget for administration. **Mayor Winecoff** wondered why the fire fees increased. **Ms. Tungate** replied it was only an estimate last year. We bought 10 ponds this year and they went up 10%.

Governing Body

Ms. Tungate went through the budget line by line for government body.

Powell Bill

In reviewing the Powell Bill portion of the line by line budget, **Ms. Tungate** indicated McGill certifies our map. **Commissioner Hall** asked if there was someone else other than McGill. **Mr. Hargrove** replied there probably is, but Alex has done it for many years and has a historical knowledge. **Ms. Tungate** said the cost would be the same. **Commissioner Hall** was not worried about the cost she was worried about the name brand.

Capital Outlay

Commissioner Mammay felt the City needed to buy the property on West Boiling Spring Lakes Road under public works to make it safer for employees. **Commissioner Hall** said that is also number one on her list. **Commissioner Guzulaitis** asked how large

the property was. **Commissioner Mammay** replied it is four lots. **Mayor Winecoff** felt health and safety is important. **Mr. Hargrove** advised West Boiling Spring Lakes Road is owned by someone who lives in Pennsylvania and has never been to BSL. He will reach out to that person and ask if he is willing to make a donation to the City. There may be some sort of write off advantage for him on his taxes.

Mayor Winecoff felt the City needed security cameras and an ice machine at the Community Center. **Commissioner Guzulaitis** said we need to talk to two or three people about the cameras and then decide how many are needed.

Mr. Hargrove listed the following potential capital projects:

Public works pole Barn demolished with the funds in this year's budget

Purchase West Boiling Spring Lakes Road property - \$150,000

Security cameras inside and out for Community Center - \$8,800

Move exterior lighting at the Community Center and the ice machine to non-capital outlay.

Mr. Hargrove then said for this budget we will move \$268,000 from fund balance to balance the budget. Are you all ok with that? **BOC CONSENSUS**. He also liked the idea to have a separate capital outlay account for each department.

Mr. Hargrove went on to say this is a conservative budget that should set us up on the right path. To increase the fund balance it is going to be a several year thing. As long as we continue to be conservative we can increase fund balance over the years with no tax increase.

Mayor Winecoff reminded everyone that we also have the roads in the Highlands still hanging over us and we don't know where we are with that.

Further discussion took place about the fund balance this year and capital outlay requests.

Commissioner Sherwood is in favor of an ADA kayak launch at Spring Lake and keeping the senior programs where they are now and not doubling them. **Commissioner Guzulaitis** agreed with the senior outings, it is a real day out for them and keeping the senior holiday party at \$15.00. He was also in favor of the ADA kayak launch. **Commissioner Mammay** asked how many seniors were involved. **Commissioner Guzulaitis** replied about 30. **Mr. Hargrove** said it is about \$600. **BOC CONSENSUS** to keep the senior holiday party the same.

Commissioner Sherwood also wanted to remind everyone the library will most likely be moving into another building so we should set aside money for that as well.

As far the ADA Kayak launch, **Mr. Hargrove** asked for a Consensus to add that to the capital projects. Members voted: Commissioners Sherwood and Guzulaitis, yes; Mayor Winecoff and Commissioners Hall and Mammay, no. **NO CONSENSUS**.

7. Adjourn

Motion to Adjourn at 1:08 p.m.

Moved by: Tom Guzulaitis

Seconded by: Kimberly Sherwood

Motion Carried 5-0



Jeff Winecoff, Mayor



Nancy Sims, City Clerk

