

The Washington City Council met in a budget session on Wednesday, April 27, 2016 at 5:30pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Virginia Finnerty, Mayor Pro tem; Doug Mercer, Councilmember; Richard Brooks, Councilmember; Larry Beeman; Councilmember and William Pitt, Councilmember. Also present: Bobby Roberson, City Manager and Cynthia S. Bennett, City Clerk.

Mayor Hodges called the meeting to order and Councilmember Mercer delivered the invocation.

**Budget Discussion**

The City Manager reviewed the recent changes to the proposed budget which are listed below:

**Council Budget Changes**

4/27/2016

\$	Account	Description
61,688	10-00-3100-1116	Ad valorem taxes- increase collection 1% & valuation .5%
1,500	10-40-6123-1600	Shuffle board court grant
5,567	10-40-6123-8600	Eliminate Senior Center vehicle replacement fund contribution
4,150	10-40-6126-1600	Reclass heater in women's RR, free weights \$ lifeguard chair
(4,150)	10-40-6126-7000	Reclass heater in women's RR, free weights \$ lifeguard chair
8,000	10-00-4150-0400	Legal expense reduction
(5,000)	10-00-4150-0401	Other attorney fees
(35,000)	10-00-4132-4500	Pay & class study
<u>(36,755)</u>	10-00-9990-0000	Contingency
-	<b>Total General Fund</b>	
(17,500)	30-90-6610-9726	Transfer to software CPF
(28,000)	30-90-8100-1600	Reclass paint clearwells to maintenance
28,000	30-90-8100-7000	Reclass paint clearwells to maintenance
<u>17,500</u>	30-90-6610-4504	Reserve for future capital expenditures
-	<b>Total Water</b>	
(17,500)	32-90-6610-9726	Transfer to software CPF
13,052	32-90-3720-5100	Sewer sales & service
<u>4,448</u>	32-90-9990-9900	Reserve for future capital expenditures
-	<b>Total Sewer</b>	
(50,000)	34-90-3571-5100	Storm water fee commercial reduction
<u>50,000</u>	34-90-5710-7400	Capital outlay
-	<b>Total Storm Water</b>	
5,000	35-90-6610-3900	Electric transfer to Cemetery fund
35,000	35-90-6610-9726	Transfer to software CPF- allocate \$100,000
20,000	35-90-8370-7000	SCADA/CIS interface included in software project
14,000	35-90-8375-4500	Reduce load management switch contract labor to 720 units
(16,850)	35-90-8380-4501	General fund tree trimming to Electric Department
7,000	35-90-8380-7000	Move pedestals at Festival Park instead of access steps
(20,000)	35-90-8390-7400	Matching décor pedestal building
<u>(44,150)</u>	35-90-6610-4504	Reserve for future capital expenditures
-	<b>Total Electric</b>	
(7,739)	38-90-4710-0200	Pay grade increase for 5 sanitation workers
(592)	38-90-4710-0500	FICA
(561)	38-90-4710-0601	Retirement
<u>8,893</u>	38-90-4710-4504	Reserve for future capital expenditures
-	<b>Total Solid Waste</b>	
5,000	39-90-3471-4150	Perpetual care fees increased \$50
<u>(5,000)</u>	39-90-3980-3500	Transfer from Electric fund
-	<b>Total Cemetery</b>	
35,000	65-60-3980-3000	Transfer to software CPF
(17,500)	65-60-3980-3200	Transfer to software CPF
<u>(17,500)</u>	65-60-3980-3500	Transfer to software CPF
-	<b>Total Software CPF</b>	
299,500	87-60-3940-9910	Fund Balance Appropriated
500	87-60-4950-4504	Reserve for future capital maintenance expense
<u>(300,000)</u>	87-60-4950-7400	Aquatic center capital outlay
-	<b>Total Facility Maintenance Fund</b>	

Mr. Roberson mentioned the pool committee has issued a challenge. If the City will commit \$150,000 towards the Dectron replacement then the committee will raise the remaining \$150,000. There are funds set aside in the Building Maintenance Fund that could be used for the dehumidification unit. The pool committee will be going to the Beaufort County Board of Commissioners meeting to show support of our funding request. The “save the pool campaign” will be further explained during the May City Council meeting.

Councilmember Mercer stated the City Manager needs to meet with PARTF and get a definitive answer regarding the ramifications of closing the pool. Mr. Roberson noted that if we give PARTF back \$250,000 then we wouldn't be eligible for any future grants. Councilmember Mercer stated the pool is costing us \$350,000 per year and Councilmember Beeman explained that we could say the same thing about library. Councilmember Pitt would like to see what the pool committee is working on. Councilmember Brooks said the pool committee is working on a plan and we should let them work on their plan. He continued and said we need to work with what we have in order to keep the pool instead of trying to come up with a plan to get rid of it.

Mayor Hodges said the pool doesn't make money, the school system uses it more than anyone and the county should assist the city with funding. Mr. Roberson suggested that the Recreation Advisory Committee needs to review the possible plan of what to do with the facility if we close the pool down. A suggestion was to turn the building into a new senior center.

Councilmember Mercer inquired as to why our Human Resources Director couldn't do the payroll classification study. Matt Rauschenbach explained the study is very labor intensive and is much more than comparing salaries from different cities. Hartwell Wright with NC League of Municipalities previously advised that the pay and classification study should not be done by your Human Resources Department. Councilmember Pitt noted that Council will need to accept the recommendation of the study once it is complete. Mr. Roberson said that whatever the outcome is of the study, we need to make sure that we fund it. Councilmembers Brooks, Pitt, Finnerty and Beeman were in agreement to move forward with classification study.

Matt Rauschenbach noted a correction will be made to remove \$25,000 out of the vehicle replacement fund for recreation van replacement.

Jeff Clark, Interim Electric Director discussed moving the electrical panels at Festival Park and installing an enclosure with a façade to match the other facilities at the park. Mr. Clark estimated it would cost upward of \$40,000 to move panels approximately 150 feet and around two weeks to complete the move by an outside contractor. Councilmember Mercer said the panels should be moved. While Mayor Pro tem Finnerty opposed paying \$40,000 to move the panels. Ed Pruden explained the panels have to be in close proximity to gazebos for safety issues. Mr. Roberson said staff would bring back alternatives solutions regarding this issue.

Discussion was held regarding Avenue Road and Cherry Road and Mr. Clark noted he didn't need the money for engineering but will use it to buy materials so the lines can be installed with in-house labor. Jeff Clark said the projected numbers in the CIP need to be revised. Councilmember Mercer suggested looking at improvements to powerlines inside the city before making improvements on lines in the county. He continued by saying Council needs to set certain criteria that must be met before we decide which lines to replace.

Council reviewed the electric rate spreadsheet below. Mr. Rauschenbach said it is staff's recommendation to leave the rates as they are, so when the rates increase we will have a cushion to cover the increase. He continued by saying we could contact ElectriCities and have them review our rate structure and then present their findings to Council. Councilmember Mercer noted we need to address our industrial rates. Council authorized Mr. Rauschenbach to contact ElectriCities regarding the rate study.

**Electric Rate Review**

4/27/2016

Rate Class	Justified Change	Recommended Change	Customer Charges (Base)		Customers	Annual Revenue	Annual Revenue Impact	
			Current	Recommended			Justified Change	Recommended Change
Residential Service- inside	-0.98%	-2.52%	7.92	10.00	11,117	17,778,480	103,251	(170,537)
- outside			8.35	10.55				
Small General Service- single phase	-8.37%	-6.35%	15.53	19.60	2,361	6,457,568	(296,036)	(294,744)
- three phase			25.05	32.40				
Medium General Service- single phase	-14.80%	-14.00%	16.75	25.00	85	2,911,715	(422,519)	(399,225)
- three phase			27.02	50.00				
Large General Service	-8.87%	-8.75%	104.30	125.00	34	4,284,680	(371,606)	(366,464)
Industrial Service	-4.95%	-4.90%	0.00	500.00	5	2,720,404	(104,660)	(103,300)
General Coordinated Demand Service			81.07	150.00				
Industrial Coordinated Demand Service			0.00	550.00				
Coincidental Peak Service	-22.93%	-16.50%						
Lighting Service	-13.50%	0.00%						
<b>Total</b>	<b>-5.64%</b>	<b>-5.64%</b>			<b>13,602</b>	<b>34,869,318</b>	<b>(1,188,293)</b>	<b>(1,334,271)</b>

Council reviewed the Stormwater comparison chart and chose option "A" (Residential Stormwater +\$.050 & Commercial at 15%).

Public Works Rate Increase  
Stormwater Comparison for FY 16-17

	SR1 SC2	Increase	Diff./ Month / Yr	SR2 SC3	Increase	Diff./ Month / Yr	SR3 SC4	Increase	Diff./ Month / Yr
Res. Stormwater (+\$0.50)	\$ 3.65	\$ 4.15	\$0.50 / \$6.00	\$ 5.00	\$ 5.50	\$0.50 / \$6.00	\$ 6.35	\$ 6.85	\$0.50 / \$6.00
Comm. Stormwater (15%)	\$ 27.00	\$ 31.00	\$4.00 / \$48.00	\$ 54.00	\$ 62.00	\$8.00 / \$96.00	\$ 67.50	\$ 78.00	\$10.50 / \$126.00

	SR1 SC2	Increase	Diff./ Month / Yr	SR2 SC3	Increase	Diff./ Month / Yr	SR3 SC4	Increase	Diff./ Month / Yr
Res. Stormwater (+\$1.00)	\$ 3.65	\$ 4.65	\$1.00 / \$12.00	\$ 5.00	\$ 6.00	\$1.00 / \$12.00	\$ 6.35	\$ 7.35	\$1.00 / \$12.00
Comm. Stormwater (10%)	\$ 27.00	\$ 30.00	\$3.00 / \$36.00	\$ 54.00	\$ 60.00	\$6.00 / \$72.00	\$ 67.50	\$ 75.00	\$7.50 / \$90.00

**Electric Fund Inventory  
As of 4/27/16**

**Warehouse Inventory:**

Electric	\$ 812,560
Total	1,015,360

**Electric Meter Inventory (not included in warehouse inventory):**

Description	Quantity	Unit Price	Total Inventory Value
<b>House Meters</b>			
1ø Elster 240v House Meter	142		
1ø Vision 240v House Meter	101	\$67.85	\$16,487.55
1ø Elster 120v House Meter	3		
1ø Itron Centron 120v House Meter	16	\$110.00	\$2,090.00
<b>Total 1ø Meters</b>	<b>262</b>		<b>\$18,577.55</b>
<b>Demand Meters</b>			
1ø Itron Sentinel Fm 2S (Reset 16th)	24	\$287.00	
1ø Itron Sentinel Fm 2S (Reset 28th)	36	\$287.00	\$17,220.00
3ø Itron Sentinel Fm 16S (Reset 16th)	53	\$203.95	
3ø Itron Sentinel Fm 16S (Reset 28th)	24	\$203.95	\$4,947.80
3ø Itron Sentinel Fm 10A (Reset 16th)	86	\$279.50	
3ø Itron Sentinel Fm 10A (Reset 28th)	32	\$279.50	\$9,030.00
<b>Total 3ø Demand Meters</b>	<b>255</b>		<b>\$31,197.80</b>
<b>Grand Total Meter Inventory</b>	<b>517</b>		<b>\$49,775.35</b>

**Tree Trimming Cost Moved to Electric**

<u>Department Number</u>	<u>Department Description</u>	<u>Amount</u>
10-40-6110-1500	Brown Library	3,250
10-40-6130-1501	Buildings & Grounds	5,000
10-40-6130-1504	Buildings & Ground Veteran's Park	3,000
10-40-6130-7301	Buildings & Grounds Beebe Park	2,600
39-90-4740-7300	Cemetery	<u>3,000</u>
		\$
	Total	16,850

Load management switch orders were left at 1000. If the order was reduced to 500 then the price doubles. We reduced the number of switches to be installed each month and pushed out lead time for ordering switches.

David Carraway reviewed the number of desktop, laptop and tablet computers with Council.

Mr. Roberson discussed the sidewalk paving project at the sports complex. He advised a meeting will be held with people in wheelchairs regarding accessibility to the bleachers, dugouts, etc. He will then bring back a recommendation to Council. Councilmember Beeman was in agreement with the suggested process.

Mr. Roberson thanked staff and Council for their work on the budget. He confirmed that staff will contact ElectriCities regarding the rate study.

Councilmember Brooks asked why the City doesn't pay for his wife to attend conferences with him as he only attends two events per year. He noted that when he was on Council before that he didn't have to pay for her to attend and feels this has changed. Mr. Roberson explained that he believes Mr. Brooks is referring to when Council members attend the ElectriCities Annual Conference, ElectriCities pays for the spouse to attend. But if the spouse attends the NCLM annual conference, then it is the responsibility of the council member to pay for the spouse. Mr. Roberson said that according to our policy, the City only pays for the Council member to attend.

Mayor Hodges discussed the \$500 individual education appropriation for each. Councilmember Mercer reviewed the history of the implementation of the \$500 limit stating that if a member wanted to attend something outside of the normal events that all members attended which included: NCLM annual conference, ElectriCities, Town Hall Day, etc. they would use the \$500. Councilmember Pitt and Councilmember Brooks requested that these items be revisited.

Councilmember Beeman asked for clarification on how ElectriCities arrives at their rates. Councilmember Mercer said that ElectriCities can determine the rates and we need to tell them that no rates will be set below wholesale cost. Council was in agreement to have ElectriCities review the rates.

**ADJOURN**

By motion of Councilmember Pitt, seconded by Councilmember Beeman, Council adjourned the meeting at 7:30pm until Monday, May 9, 2016 at 5:30pm in the Council Chambers at the Municipal Building.

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Cynthia S. Bennett, MMC  
City Clerk