

The Washington City Council met in a special session on Thursday, April 24, 2014 at 5:30 pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Larry Beeman, Councilman; Brian M. Alligood, City Manager; and Cynthia S. Bennett, City Clerk.

Also present were: Matt Rauschenbach, Administrative Services Director/C.F.O.; Anita Radcliffe, Assistant Finance Director; Allen Lewis, Public Works Director; Stacy Drakeford, Police and Fire Services Director; John Rodman, Community & Cultural Resources Director; Keith Hardt, Electric Utilities Director; Gloria Moore, Library Director; Robbie Rose, Fire Chief; David Carraway, IT Department; and Tony Black with the Washington Daily News.

Mayor Hodges called the meeting to order and Councilman Pitt delivered the invocation.

**BUDGET WORKSHOP DISCUSSIONS: ANSWERS & UPDATES:**

City Manager, Brian Alligood explained the cost needed for the Veteran's Park sign with a spreadsheet being provided to Council addressing questions. Total cost \$10,200 and there is \$10,376 available in the account the City has been holding. We did not take into account the fallen soldier memorial (statue itself) which was purchased by the City and placed at Veteran's Park which was not included in the revenue side. Ms. Radcliffe spoke with Ms. Jennette and Ms. Jennette suggested if the City of Washington would pour the concrete base for the sign, then they would not need any additional funds. Community & Cultural Resources Director, John Rodman stated they will need a sign permit and the fees are \$1.25 per square foot for both sides = \$225.00 (sign is 20 foot long and 4 1/2 feet high = 180 square feet). Council directed staff to find \$225 in the budget to pay for the sign permit.

**Veterans Park Fund Balance Available**

FY 08-09 Beginning Bal (City Contribution)	\$	500
FY 08-09 Adjustment		3,865
FY 09-10 Adjustment		(3,749)
FY 10-11 Adjustment		423
FY 11-12 Adjustment		4,936
FY 12-13 Adjustment		-
<b>Fund Balance @ 4/22/14</b>	<b>\$</b>	<b>5,976</b>
Contribution from City for Fallen Soldier Statue (see June 30, 2008 minutes)		4,400 <sup>1</sup>
<b>Total funds available</b>	<b>\$</b>	<b>10,376</b>

**Summary (Park & Moving Wall)**

City Contributions	7,850
County Contributions	7,000
Other Contributions /Donations	<u>13,673</u>
<b>Subtotal All Revenues</b>	<b>28,523</b>
Moving Wall Expenses	(8,807)
Veterans Park Expenses	<u>(9,340)</u>
<b>Subtotal Expenses</b>	<b>(18,147)</b>
<b>Total funds available</b>	<b>10,376</b>

**FY 08-09 Adjustment:**

Moving Wall donations	\$	5,103
Veterans Park donations		5,216
Expenses charged to maintenance		(1,032)
Expenses charged to miscellaneous		<u>(5,422)</u>
<b>Adjustment</b>	<b>\$</b>	<b>3,865</b>

**FY 10-11 Adjustment:**

Moving Wall donations	\$	-
Veterans Park donations		1,125
Expenses charged to maintenance		(702)
Expenses (charged to moving wall acct)		-
<b>Adjustment</b>	<b>\$</b>	<b>423</b>

**FY 09-10 Adjustment**

Moving Wall donations	\$	6,635
Veteran's Park donations		443
Expenses (charged to maintenance acct)		(2,020)
Expenses (charged to moving wall acct)		<u>(8,807)</u>
<b>Adjustment</b>	<b>\$</b>	<b>(3,749)</b>

**FY 11-12 Adjustment:**

Moving Wall donations	\$	-
Veterans Park donations		5,100
Expenses charged to maintenance		(164)
Expenses (charged to moving wall acct)		-
<b>Adjustment</b>	<b>\$</b>	<b>4,936</b>

<sup>1</sup> City voted on June 30, 2008 to purchase the Fallen Soldier Monument at an estimated cost of \$4,400. (see attached).

**Veterans Sign Cost Breakdown (per Judy Jennette on 4-24-14)**

Concrete Base	0	(City crews)
Base of Sign	5,000	
Lettering	3,550	(includes fabrication & installation of letters)
Plaque for key donors	1,200	
Electrical wiring & Flood Lights	<u>500</u>	
<b>Estimated Cost</b>	<b>\$ 10,250</b>	

Mr. Alligood provided the answer to the question last night regarding the Airport Tax Base. Mr. Alligood noted the agreement was made in 2010 and the County tax was at .60¢ and the baseline was at 8128. The agreement does not speak to any reevaluation or adjustments. Councilman Mercer inquired

if there was a limit and Mr. Allgood stated ‘yes’ \$100,000 is the max. Mr. Allgood explained the tax base agreement noting that once there is an excess of \$100,000 then you will have to renegotiate.

**Airport Tax Base**

Tax Year	2010	2011	2012	2013	2014
Airport tax base	1,354,635	3,710,000	3,590,250	2,901,000	
County tax rate	0.60	0.50	0.53	0.53	
Tax levy		18,550.00	19,028.33	15,375.30	
Baseline tax	8,128	(8,128)	(8,128)	(8,128)	
Airport grant		10,422.00	10,900.33	7,247.30	

Mr. Allgood voiced he did not get a return call for the School of Government on the Cemeteries – Enterprise Fund transfers.

Administrative Services Director/C.F.O., Matt Rauschenbach reviewed the calculation he prepared on Stormwater Fees. He addressed the revenue available for Debt Service/Capital. Total expenses budgeted for this year is approximately \$700,000 and explained how he arrived at the adjusted expense for the current fiscal year. Mr. Rauschenbach voiced that we are generating at least \$400,000 worth of revenue to service debt or capital improvement for the Stormwater Fund.

Mr. Rauschenbach explained when we first entered into the Recovery Zone Bond Project the first section (original projection) shows what our debt service is per year on the recovery zone Economic Development Bonds. Mr. Rauschenbach stated the debt will be paid off in 2026 but we are generating enough revenue to service that debt. Mayor Pro tem Roberson suggested he don’t feel any Enterprise Fund set up should remain stagnant – he feels at least every five year it need to be increase at least once. Mr. Rauschenbach stated if we bumped it up about 20% it would generate approximately \$100,000.

RZEDB Storm Water Debt Service

**Revenue Available for Debt Service/Capital:**

	2014	2015
Total Revenue	703,927	1,078,110
Interest rebate RZEDB	(90,038)	(82,688)
Trans. from General Fund		(450,564)
Fund Balance Appr.	(111,889)	(42,858)
<b>Adj. Revenue</b>	<b>502,000</b>	<b>502,000</b>
Total Expenses	(703,927)	(1,078,110)
Debt service	540,157	517,085
Contingency	26,205	23,815
PO Carryforward	46,651	
Salaries & related	-	466,064
<b>Adj. expenses</b>	<b>(90,914)</b>	<b>(71,146)</b>
<b>Net revenue</b>	<b>411,086</b>	<b>430,854</b>

	Original Projection						Revised Fund Balance
	Debt Service			Resources			
	RZEDB	Existing	Total	Fund Balance	Net Revenue	Total	
							535,000
2011	234,042	25,155	259,197	(140,803)	400,000	259,197	675,803
2012	461,346	21,227	482,573	82,573	400,000	482,573	593,231
2013	452,363	12,875	465,238	65,238	400,000	465,238	527,993
2014	443,379	7,494	450,873	50,873	400,000	450,873	477,120
2015	434,396		434,396	34,396	400,000	434,396	442,724
2016	425,413		425,413	25,413	400,000	425,413	417,312
2017	416,429		416,429	16,429	400,000	416,429	400,882
2018	407,446		407,446	7,446	400,000	407,446	393,437
2019	398,463		398,463	(1,538)	400,000	398,463	394,974
2020	389,479		389,479	(10,521)	400,000	389,479	405,495
2021	380,496		380,496	(19,504)	400,000	380,496	424,999
2022	371,513		371,513	(28,488)	400,000	371,513	453,487
2023	362,529		362,529	(37,471)	400,000	362,529	490,957
2024	353,546		353,546	(46,454)	400,000	353,546	537,412
2025	344,563		344,563	(55,438)	400,000	344,563	592,849
2026	168,913		168,913	(231,088)	400,000	168,913	823,937
	6,044,313	66,751	6,111,064	(288,937)	6,400,000	6,111,064	

Mr. Allgood explained the 911 service expenditures and noted currently in this year budget; we allocate \$40,000 to the County under the agreement previously made. Mr. Allgood voiced all 911 calls go to the County and if it is a Washington call they transfer it back to us. Councilman Pitt explained we are not a secondary PSAP. Councilman Brooks inquired how long would this continue with the County and Mr. Allgood expressed the need to have this conversation with the County.

Mr. Allgood reviewed the advantage of having the secondary PSAP “in house”. Councilman Mercer and Councilman Brooks commented and discussion followed. Mr. Allgood noted there has been some changes at the State level because at one time they would not fund secondary PSAP but we are back now where you can apply & receive funds as a secondary PSAP. There is an opportunity to receive some of that revenue stream back if you are going to be receiving those calls. Also, there is no

new money at the State but the State would take the primary receiver monies and carve out the amount of calls received by the secondary PSAP, we have been discussing this internally. Councilman Pitt advised that the secondary PSAP will be discussed on the 14<sup>th</sup> in Raleigh. Following discussion Mr. Allgood voiced this concern should become part of the 9 month fee/policy discussion.

Mr. Allgood said everything has been balanced back out with the exception of \$225 needed for Veteran's Park. Mr. Allgood explained the continuation budget changes reduction under General Fund:

- \$2,045 – Wildlife Guild
- \$4,000 – Purpose of God
- \$5,000 – Dock dogs
- \$5,000 – Cornerstone Family Worship Center
- \$4,000 – WHDA

New funded outside agency - NC Estuarium funded \$20,000

Expansion budget items:

- \$250 – Christmas bonus
- \$56,750 – in General Fund (total)
- \$HSA contribution
- \$14,000 – Wellness program
- EMS Paramedic Unit ~ 1<sup>st</sup> Unit \$44,000
- Summer programs show as revenue generating

Mr. Allgood reviewed all other areas of monies displayed in the expansion budget and monies pulled out. Mr. Allgood sought direction from Council on any other areas that need to be addressed before the budget ready to produce a final recommended budget for public hearing. Councilman Brooks requested to start all outside agencies over again each year at \$0 with them making a funding request before City Council each budget year ~ all members of Council were in agreement. Mr. Allgood reiterated we will schedule the public hearing in May advertising the budget and could adopt the budget in June or either following the public hearing at Council direction.

FY 2014-2015 Budget Adjustments

4/24/2014

	General Fund	Water Fund	Sewer Fund	Storm Water Fund	Electric Fund	Airport Fund	Sanitation Fund	Cemetery Fund	Total
<b>Continuation Budget Changes:</b>									
10-40-6170-9109 East Carolina Wildfowl Guild	(2,045)								
10-40-6170-9136 Purpose of God	(4,000)								
10-40-6170-9150 Dock Dogs	(5,000)								
10-40-6170-9165 Cornerstone Worship Center	(5,000)								
10-40-6170-XXXX NC Estuarium	20,000								
10-00-4650-4530 WHDA	(4,000)								
<b>Total</b>	<b>(45)</b>								
<b>Expansion Budget Additions:</b>									
Salaries \$250 Christmas bonus	34,000	3,875	3,875	1,500	8,750	250	3,250	1,250	56,750
Insurance HSA Contribution (\$230)	34,385	3,889	4,118	1,567	9,379	252	3,203	1,007	57,798
Insurance Wellness Program	8,388	956	956	370	2,159	62	802	308	14,000
EMS expense Paramedic EMS- Unit 1	43,996								43,996
Rec exp/revenue Summer Programs	4,500								4,500
Rec exp/revenue Water Aerobics Instructor	(1,414)								(1,414)
Rec exp/revenue Swim Lessons	(4,896)								(4,896)
Rec exp/revenue Aquatic Center- additional programs	(4,040)								(4,040)
<b>Total</b>	<b>114,919</b>	<b>8,720</b>	<b>8,948</b>	<b>3,437</b>	<b>20,287</b>	<b>564</b>	<b>7,254</b>	<b>2,565</b>	<b>166,694</b>
<b>Total Budget Gap</b>	<b>114,874</b>	<b>8,720</b>	<b>8,948</b>	<b>3,437</b>	<b>20,287</b>	<b>564</b>	<b>7,254</b>	<b>2,565</b>	<b>166,649</b>
<b>Adjustments to Balance Budget:</b>									
10-10-3434-3303 EMS Paramedic service revenue	(4,464)								(4,464)
10-40-6120-1500 Peterson building maintenance	(10,500)								(10,500)
35-90-7250/8380-1500 Warehouse parking lot					(50,000)				(50,000)
10-40-6125-1500 Civic Center building maintenance	(15,000)								(15,000)
Retirement Retirement contribution	(3,115)	(743)	(675)	(228)	(1,981)	(31)	(525)	(157)	(7,455)
10-40-6126-1500 Doors for aquatic ctr. Dehumidifier	(7,000)								(7,000)
10-00-3100-1115 Ad Valorem Tax	(49,795)								(49,795)
10-00-3231-1107 Sales Tax- article 39	(10,000)								(10,000)
10-00-3232-1104 Sales Tax- article 40	(3,000)								(3,000)
10-00-3234-1106 Sales Tax- article 44	(12,000)								(12,000)
35-90-8390-7401 Grimesland Rd. Feeder					(200,000)				(200,000)
35-90-3920-9100 Installment Note Proceeds					200,000				200,000
35-90-4020-8300 Debt Service- principal					(18,251)				(18,251)
35-90-4020-8301 Debt Service- interest					(3,849)				(3,849)
30-90-3790-5800 Late penalties sewer charges			(4,273)						(4,273)
30-90-3631-0000 Interest earned			(4,000)						(4,000)
34-90-3571-5100 Storm water fees				(3,209)					(3,209)
37-90-3453-0001 Hangar rental						(533)			(533)
38-90-3471-4100 Residential garbage services							(2,247)		(2,247)
39-90-3471-4100 Grave openings								(2,408)	(2,408)
Contingency		(7,977)			53,794		(4,482)		41,335
<b>Total</b>	<b>(114,874)</b>	<b>(8,720)</b>	<b>(8,948)</b>	<b>(3,437)</b>	<b>(20,287)</b>	<b>(564)</b>	<b>(7,254)</b>	<b>(2,565)</b>	<b>(166,649)</b>
<b>Balance needed</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>

Councilman Mercer expressed concern with the Civic Center. It does not seem to be making any progress toward breaking even, the last couple of years it has gone in the opposite direction and is costing more to operate. We need to include this in the 9 month discussion. Mr. Alligood advised that Mr. Rauschenbach had run some numbers and explained the conversation they had with the Civic Center regarding the contract and reduction of funding each year. The Civic Center is proposing to go with a one year contract instead of a five year contract and agreed to the first \$5,000 reduction in funding.

Council members commended the City Manager and staff of the budget presentation this year, especially the finance department and the new budget format.

Mayor Pro tem Roberson requested to look at the PARTF grant regarding the Aquatics Center. The fee/policy review will start with Parks and Recreation. Councilman Mercer voiced boards need to get involved with the formed committees and review fees. Mr. Alligood stated the committee should be comprised of two members from Council and the Mayor is always invited to attend because he does not count as a quorum. Mr. Alligood asked for direction regarding what member of Council to place on these committees (should it be the liaison and a member of Council)? Councilman Beeman requested to be placed on the Parks and Recreation Committee along with Councilman Brooks as the liaison representative. Councilman Mercer suggested that Council needs to figure out if we can stay in the Recreation/Library business (noting programs), the County needs to help or we get out with cost. Councilman Brooks requested to talk to County Commissioners referencing partnering with programs because we need a different approach since we aren't getting anywhere and Councilman Pitt said neither or they (the County). Mr. Alligood suggested from the City's perspective we need to make sure we have a path forward from the staff level before we place the elected boards together. Mayor Pro tem Roberson said it is obvious we have an issue because we were the only organization inside the County that didn't receive Recreation funds.

Council directed Mr. Alligood and staff to have the budget ordinance amendment ready for adoption following the public hearing on May 12th. Mayor Hodges discussed the Committee of the Whole meeting scheduled for May 26, 2014 and Council requested to make this decision at May 12<sup>th</sup> meeting.

**ADJOURN**

By motion of Councilman Beeman, seconded by Councilman Brooks, Council adjourned the meeting at 8:05pm until Monday, April 28, 2014 at 5:30 p.m. in the Council Chambers at the Municipal Building.

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**Cynthia S. Bennett, CMC  
City Clerk**