

The Washington City Council met in a continued session on Monday, June 23, 2008 at 4:30 p.m. in the Council Chambers at the Municipal Building. Present were: Judy Jennette, Mayor; Doug Mercer, Mayor Pro tem; Richard Brooks, Councilman; Darwin Woolard, Councilman; Archie Jennings, Councilman; Gil Davis, Councilman; Jim Smith, City Manager; Reatha Johnson, Acting City Clerk; and Franz Holscher, City Attorney.

Also present were: Anita Radcliffe, Acting Finance Director; Allen Lewis, Public Works Director; Bobby Roberson, Planning and Community Development Director; Jimmy Davis, Fire Chief; Mick Reed, Police Chief; Susan Hodges, Human Resources Director; Keith Hardt, Electric Director; Gloria Moore, Library Director; Phil Mobley, Parks and Recreation Director, Lynn Lewis, Tourism and Development Director, and Mike Voss, of the Washington Daily News.

Mayor Jennette called the meeting to order and Councilman Brooks delivered the invocation.

APPROVAL/AMENDMENTS TO AGENDA

On motion of Councilman Woolard, seconded by Councilman Jennings, Council unanimously approved the agenda as submitted.

COMMITTEE OF THE WHOLE

Update – On NCDOT Issues / Mr. Ed Eatmon

Mayor Jennette introduced Mr. Ed Eatmon, Division Construction Engineer, with North Carolina Department of Transportation, and stated he was here to answer any questions Council may have concerning the US 17 bypass interchange. Also, Mr. Eatmon was not aware of Council concerns with the Havens Garden Project but would send the information to Mayor Jennette on how much way is on either side of the roadway we are going to need to deal with.

Mr. Eatmon stated he would be glad to entertain any questions Council may have tonight and if he did not have the answers he will make sure to get an answer and respond through Mayor Jennette or Mr. Smith with the answers.

Mayor Jennette stated that Council was very concerned about how much property will be taken out of Havens Garden to deal with the new bridge and would like for someone (the designer of the bridge or someone involved) to come down and talk to Council face to face. Mr. Eatmon said he and the right-of-way agent will come down and talk with Council and asked who he should contact before coming. Mayor Jennette asked that he either contact Mr. Smith or herself and she will make sure Council knows about it and schedule a meeting.

Councilman Jennings stated they were not just interested in the right-of-way issues (that is a technical concern that we can get right) but they are also interested in the features of the bridge, for instance, we understand there will be a pedestrian path on the bridge. We haven't had any interaction with DOT on what will be available in terms of the physical attributes of the bridge. Mr. Eatmon confirmed the bridge will have sidewalks on both sides (the three lane section bridge) and antique type rails. Councilman Jennings inquired if there was a part of this process where a local community would know before DOT started laying concrete. Mr. Eatmon stated "yes" they send out for public information a copy of the Categorical Exclusion. Councilman Jennings said we received that last week but had not seen it before. Mr. Eatmon said it should have been mailed out a couple of years ago and Councilman Jennings said it was; it was dated 2006. Mr. Eatmon also said a public hearing was held back in 2005 to discuss these projects. Councilman Jennings had a question concerning the road leading up to the bridge (will need to be adjusted and the adjoining property

that has been a yield lane and if some other roadway that may be deemed obsolete). Councilman Jennings asked when you tear something up can we put it back strategically? Mr. Eatmon stated he would be glad to discuss this with Mr. Lewis or Mayor Jennette or however Council would like to have it addressed; there is a lot of detail involved. Councilman Jennings had a question on the interchange on 17. He was under the impression we were getting two interchanges in Washington. As he understands it now, we are getting two but one interchange in his opinion is a half interchange. Mr. Eatmon stated they did acquire the right-of-way for the future and can build and interchange. At the time of the public hearing it was not addressed. Since they have the right-of-way it will become what DOT calls a compress diamond interchange and it is just a matter of getting it in the TIP. Mr. Eatmon pointed out that it is now just a funding issue. Councilman Jennings stated that what Council is really concerned with and would like to work with DOT on, is the only full interchange that leaves us with is what we call 5th Street which is 264 and our main East/West corridor. In fact, when we cut Grimes Road in half it's the only way you can get East to West in Washington without going north up 15th Street. Councilman Jennings pointed out if we load up 5th Street with the only full interchange we are exacerbating the problem we already foresee coming down the road. Councilman Jennings asked for the partnership of DOT to help us offset that or we will have a Firetower Road type issue. Mayor Jennette asked Mr. Eatmon if it was too early in the process to add or put it in our plan to go ahead and add the second interchange. Mr. Eatmon stated we definitely need to go before the TIP people and we need make a resolution that you would like to see it and have it added to the TIP. Mayor Jennette inquired should it be done through the RPO and send in through the priority list. Mr. Eatmon suggested doing it both ways and attacking it from both fronts. Mayor Jennette asked Mr. Lewis if it was too late to have it on our priority list and Mr. Lewis said he doesn't know what the time frame is but he will check on it. Mr. Eatmon stated it is a two year process and this will be going into the next year. They have just printed the TIP and another will be printed in two years. Mayor Jennette asked Mr. Lewis to add it on his list and Council can talk about it when he brings them the full list.

Councilman Jennings asked what the process is and if is there a process for ancillary ideas (for instance how to alleviate traffic burden on 5th Street on 264 or what to do with the old 17 business corridor as it comes across the bridge). Is there a process the City can enter into with DOT that will help us with the after math of the bypass? Mr. Eatmon said if the City makes any recommendations they would be glad to look at them but he don't know exactly what they could or could not do. Mr. Eatmon asked if he was talking about beautification and Councilman Jennings said he was more interested in getting people East to West. Mr. Eatmon stated the way to work with everything you want to get done is through the TIP process. Right now there are small things DOT will be able to do but Council is speaking of some major things and all major improvements will have to go through the TIP process. Mayor Jennette stated about 15 years ago, 15th Street was already taking three times more traffic than it could handle and it seems to her since it is a DOT thoroughfare it should have been some sort of a trigger to say we need to start dealing with this issue. At that point, she felt DOT should have been working with the City to try and alleviate that problem whether through another thoroughfare or widening the current one. Mayor Jennette said she wished that was it, just putting in on the TIP and it would do it. Councilman Jennings was concerned with the existing 17 and 264 businesses and with the interstate of two highways, would that be a different situation (especially with having log trucks trying to get on and off). Mr. Eatmon agreed that's a bad intersection but DOT is really not doing anything to address that. What you are suggesting is something that would involve a loop.

Mayor Jennette stated she had been told that once the Highway 17 bypass is completed that funding will be available to help us improve the old Highway 17 thoroughfare (static improvements, landscaping). Mr. Eatmon said Council needs to make a request on that, usually they can use some money out

of the project for that. Mr. Eatmon stated he would be the contact person and he will follow up on it.

Mayor Pro tem Mercer had a question concerning Highway 17 North where the service road is going in front of several businesses but the cut-del-sac was short of Swain Gas Company and the building that was occupied by Waterfront Professionals. Is there some reason that road can't be extended so you can access Swain Gas without have to go all around and go through the back side of those buildings. Mayor Jennette said she thought that had been worked out. Mr. Smith stated the City agreed to provide right-of-way on the back of Hamilton Beach property on to Springs Road and Linnie Perry Road will be connected to Springs Road. Mayor Pro tem Mercer asked Mr. Eatmon if he could identify Swain Gas on the map. Mr. Eatmon and Mayor Pro tem looked at the map and according to the map it looked like it had been worked out.

Councilman Davis inquired if Carolina Coastal Trail still had an access under the pier and was that still in the project. Mr. Eatmon answered "yes". Councilman Davis asked if it was going to be grated and Mr. Eatmon said he believes it will be concrete float.

Mr. Smith wanted to know if the northerly rest area is on hold until there is some consensus on what will be done. Mr. Eatmon stated Jimmy Perrish is the contact person and maybe you could give Mr. Perrish a call to get an update or at least tell Council who to call.

Councilman Jennings stated that at the visitor's center (rest area) they were told by our representatives in Raleigh, the City needs to decide what they want and then bring it to them and not several versions of what we want. Councilman Jennings said this Council needs to decide the optimal location. Mr. Smith asked if the City could get a Brownsfield designation from DENR so that DOT would be protected and if the City or private individual would donate a parcel, is that something out of the question. Mr. Eatmon stated it could be entertained but you would still have to do a document on the land making sure it would meet all the permitting issues.

Mayor Jennette asked if Council had anymore questions for Mr. Eatmon. Mayor Jennette thanked Mr. Eatmon for coming and his time.

Councilman Jennings asked Mr. Eatmon when he thought Council would here from his contact concerning the bridge and Mr. Eatmon stated in about two weeks.

Council convened for a break and reconvened at 5:10 p.m.

BUDGET DELIBERATIONS

Mayor Jennette placed the priority list in front of Council. She stated the first five (5) items was from what Council identified in the Planning Session. The other things were left over from last year. Mayor Jennette stated this is a draft to help Council get started but not by any means final.

Mr. Smith gave an overview to Council of where we are now (as of June 5) and suggested changes he and Ms. Radcliffe have for Council. Attached is the memo Mr. Smith passed out to Council:

The following is a summary of general fund budget changes as agreed to by Council thus far:

MEMORANDUM

To: City Council
From: Jim Smith and Anita Radcliffe
Date: June 5, 2008

Re: FY 08/09 Proposed Budget

The following is a summary of general fund budget changes as agreed to by Council thus far:

- Eliminate Miscellaneous Expense line item (10-00-4400-5701)
(\$25,000)
- Decrease Legal Expense line items (10-00-4150-0400 and 10-00-4150-0401) (\$30,000)
- Eliminate 1 Customer Service vehicle replacement (annual debt service only) (\$4,597)
- Eliminate Fire vehicle # 248 replacement (annual debt service only)
(\$6,895)
- Decrease Contribution to DWOW line item (10-00-6170-9117)
(\$45,000)
- Increase Property/Casualty insurance line item (10-00-4400-5400)
\$27,000
- Increase Beebe Park Improvements line item (10-40-6130-7301)
\$15,000
- Increase Group Insurance line items to cover final quote from BCBS
\$ 7,200
- Increase Library Capital Outlay line item (10-40-6110-7400) for roofing
\$40,000
- Increase Library Contract Service line item (10-40-6110-4500) for study
\$ 8,000
- Increase Outside Agency Contributions Right Flight
\$ 5,000

Net Decrease in General Fund \$(9,292)

In an effort to assist the City Council in balancing the general fund budget while eliminating the proposed \$.04 tax increase, the following recommendations are made:

Revenues:

- In the General Fund, decrease Ad valorem Taxes 2008 (10-00-3100-1108) by \$246,288 (equals \$.04 on the tax rate).
- In the General Fund, decrease Transfer from Public Safety Capital Reserve (10-00-3980-1500) by \$57,712.
- In the General Fund, decrease Fund Balance Appropriated (10-00-3991-9910) by \$211,000.
- In the General Fund, increase Sale of Fixed Assets (10-00-3835-8200) by \$515,000 which is the amount anticipated to be received from the sale of the Hamilton Beach property.

In the event that the sale of the Hamilton Beach property does not come to fruition, it is recommended that the following capital items totaling \$246,575 be deferred until other funding sources are available:

- Municipal building elevator - \$175,000
- Bandwidth upgrade to Communications Ctr. - \$55,075
- Police recording system - \$16,500

In addition to deferring the above three capital expenditures if the \$515,000 in sale of fixed asset revenue is not realized, the transfer from the Public Safety Capital Reserve (\$57,712) would have to be done and fund balance in the amount of \$210,713 would have to be appropriated.

Please note that the above recommendations eliminate the \$.04 tax increase while keeping the \$57,723 transfer from the General Fund to the Storm Water

Fund in place. Eliminating the transfer to the Storm Water Fund would free up \$57,723 in the General Fund that could either be put in contingency or used to further reduce the transfer into the General Fund from the Public Safety Capital Reserve Fund. Of course if the transfer is taken out, then the Storm Water Fund will have to be rebalanced to make up the \$57,723 shortfall.

While we support the delay of essential one time capital improvements until the receipt of anticipated one time revenues we strongly advise against piling up operating deficits for future years. There are two types of deficits, financial and operating. Our financial deficits have already forced us to increase taxes and fees. We are beginning to make progress in this regard. It is critical we not overwhelm this progress by piling up operating deficits. There are certain expendable capital items which are recurring such as vehicles, information technology (mainly computers and software), and communications equipment. These capital items require regular funding for replacement. A homeowner's example of this principle is an automobile. If we do not make the payments we incur a financial deficit. If we do not maintain it by changing oil, tires and breaks we build up an operating deficit.

Below are our responses to other suggested reductions in the Budget which have been proposed. You will see that we concur in some cases while in other cases we must defend the already budgeted proposals as essential, particularly in light of the above suggested revisions which eliminate any tax increase in the next year.

Police REDUCTIONS

Replacing mobile radio work to 5 (only replacing 5 cars)	- \$ 1,000
Reduce lights to 5	- 950
Reduce event uniform to \$100 ea.	- 2,200
Reduce Pris. Transport Sgt. to 5	- 2,400
Delay architect	- 150,000
Replace 4 cars with unit 140 damaged and insurance paid	- 15,000
Don't add two officers (or fund but hold vacant until re-organization plan reviewed)	- 64,050
Cut Phone Cost	- 3,000

Patrol:

A few years ago, the City of Washington, through grant funding, purchased additional marked units to form a traffic division. While this division no longer exists, we have been able to take advantage of the vehicles to develop a system where all listed marked units are used in a 24 hour period, but are idle during part of the day. This system extends the life of the vehicle to approximately 6 years. Of course, unexpected situations (breakdowns, accidents, etc) forces us to adjust at times. However, the attached information shows our CIP vehicle replacement plan designed to reduce the amount of revenue needed to replace our fleet, while maintaining dependable equipment for unique needs of this division.

Investigations:

Each investigator works, by design, independently on a significant number of cases assigned. That work requires him/her to adjust hours, respond at all hours to emergency situations, and move about independently of other investigators. This requires assignment to a particular vehicle and access to this vehicle at all times.

Administration:

We have recently, with your permission, reduced the number of Senior officers. The administration has added responsibility to monitor their divisions as well as respond to emergency situations. Accountability has become a focus and our administration has accepted the task of spending time assisting on the street with whatever is needed, and adjusting their hours to provide our City with the

maximum number of trained, equipped officers. Our Senior officers, including the Chief of Police, are police officers first and foremost.

Miscellaneous Vehicles/property:

The attached list also includes a number of vehicles that, while listed in our inventory, require additional explanation. These include vehicles donated through the criminal justice system, at no cost to the City. They also included utility vehicles that are rarely used, but are valuable in extreme circumstances where we are expected to handle unique natural or man-made emergencies.

Additionally, trailers and other pieces of equipment are not on this list but may appear on an overall, generic number of 'vehicles' assigned to our agency.

I hope this information is of assistance.

Thank you,
G. M. Reed
Chief of Police

Vehicle Inventory – 2008

- 31 Total vehicles in Police Department inventory
- 25 Vehicles assigned to sworn personnel
- 6 Vehicles not assigned to personnel

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- 14 Marked Vehicles:
 - Patrol Officers: 12
 - School Resource Officers: 2

Average vehicle mileage per year: 15,000 per marked vehicle
(Based on mileage obtained from fuel reports)

*Estimated vehicle life span: 6 years

- 11 Administrative Vehicles:
 - Deputy Chief: 1
 - Div. Commanders: 3
 - Investigators: 6
 - To be assigned 1
 -

Average vehicle mileage per year: 8,000 per administrative vehicle
(Based on mileage obtained from fuel reports)

*Estimated vehicle life span: 8 years

- 6 Misc. motor vehicles not assigned:
 - Surveillance vehicles: 2
 - Military Surplus: 3
 - Equipment Truck: 1
 - Radar Trailer 1
 - Enclosed Trailer 1
 - Portable Light Trailer 1
 - Open bed trailer 1
 - 34 ft Military Trailer 1

Utilization of "Marked" patrol vehicles

The Uniformed Patrol Division is comprised of two (2) Platoons with each Platoon having 2 shifts (day & night) and two (2) 3p-3a officers "Power Shift".

This gives each Platoon a total of twelve (12) officers each, including the "Power Shift". Each shift comprises of five (5) officers. Also assigned to the Uniform Patrol Division are two (2) School Resource Officers. Both Platoons combined gives the Uniform Patrol Division a total of twenty-two (24) patrol officers.

There are currently fourteen (14) "marked" patrol vehicles assigned to the Uniformed Division. This allows for all vehicles to be driven during a twenty-four (24) hour period. *(Seven (7) vehicles per shift)*

- **Prisoner Transports:** Our officers are required to transport both in-custody prisoners and other civilian detainees. That requirement comes with the obligation to protect not only the officer, but the safety of the civilian. Without the prisoner transport system, we are required by policy to handcuff individuals who may not otherwise need such treatment. This is an Officer-Safety Issue and we have chosen the most cost-effective remedy and presented a two-year plan to accommodate budgetary restraints. The additional reductions here is acceptable with the understanding that we will ask for all marked units to be appropriately equipped to reduce the Officer/City Liability connected to the absence of such equipment.
- **Uniform Additions:** While our budget request includes an 'event' uniform for all sworn personnel, the suggested reduction is viable. We had hoped to complete the addition because we cannot predict which officers will be in the position to utilize the uniform, the suggested reduction will accommodate our officers most in need of the uniform, and we will complete the uniform additions in the next budget process. The proposed cost includes 2 pairs of pants, \$80.00, 2 monogrammed shirts, \$50.00, and one cap \$20.00 for a total per officer of \$150.00
- **Additional funding for positions:** I have attached the proposed organizational chart including changes that are designed to deploy additional manpower during 1) peak need for manpower and 2) extra events that are planned throughout the City requiring our presence. As you are aware, the rank of the one slot is currently under review by our H.R. Director and MAPPs people, but the chart illustrates our proposed additions and allows us to respond to the needed Community Services Officer who will be tasked with the Community Oriented Services we have chosen to better service our community's specific needs. The attached organizational chart displays **38** sworn, and **3** civilian positions for a total compliment of 41. Additionally, I respectfully note that given the serious hiring challenges, coupled with a well-publicized increase in criminal activity and overtime spent maintaining minimum manpower needs, this is an area that is in need of attention.
- **Reduce Mobile radio work to reflect replacement of 5 Vehicles:** This is appropriate in this line. The current amount failed to reflect the reduction by the Manager to replace 5 vehicles, instead of the number originally requested. Therefore, a reduction of \$1000.00 is appropriate.
- **Reduction in vehicle replacement and related expenditures:** Council has suggested reduction in our vehicle replacement proposal, and utilizing the money recouped by insurance to fund. Attached, you will find how we utilized the funding provided by insurance after the loss of two vehicles and replaced one. Additionally, you will note we were forced to spend the additional funds to repair an old, inadequate generator to maintain the (inadequate) ability to function in the event of power loss to our Emergency Facility. Our proposed plan would allow for the replacement of vehicles that were **purchased** used and thereby lessen the funds required to maintain their use.
- **Reduce phone costs:** Attached, please find a breakdown in charges related to all our phone costs. As you will note, our proposed budget in this area *includes* my decision to reduce both assigned phones and blackberries. The reduction also includes a penalty incurred for canceling those lines. The result is a total estimated cost of 25,458.60. We also

budget for anticipated money required to fund unexpected breakage/repair not covered through the associated contracts. I respectfully request no additional reductions in this line.

- **Delay Architect:** It is this area that I respectfully note my most serious disagreement. The Washington Police facility was built in the 1970s and every citizen/Department Head/Councilmember who have allowed me the opportunity, via tour, has been provided with detailed information regarding the urgency of addressing this facility. It goes far beyond the claustrophobic environment in which our members work. It goes beyond our inability to train in-house. It goes beyond our inability to provide our community with an inviting Public Safety Building, with appropriate room/privacy to speak to an officer. It flies against our stated mission to become citizen friendly and Community Oriented. I respectfully note this subject was listed by Department Heads and Council as the single most serious issue for this budgetary Capital Projects. I respectfully request this need be recognized and Council's support of Public Safety be confirmed with approving this vital first step. I have vigorously pursued additional funding possibilities through State and Federal avenues and the possibilities exist. However, I feel that only with an Architect in place can those possibilities be explored due to specific details that would accompany any funding request.

E-911 REDUCTIONS

Delay upgrade to wireless - 86,400

- **Delay upgrade to wireless:** We believe that this is necessary to continue our efforts to provide professional, efficient service to our community. We are aware of other options regarding E911 service being explored. We believe that regardless of future decisions, the Washington Police Department will still need this capability to serve our community, and we ask that no delay occur. Attached you will find an explanation from Captain Pollard regarding funding for GIS and Mapping.

Public Works REDUCTIONS

Street Maintenance – remove computer - 2,000

Public Works Director Remove Laptop - 2,000

The computer in the Street Department is admittedly a new computer, not a replacement. The new supervisor in the Sanitation Department, who shares the office with the Street/Drainage Department supervisor, is more “computer friendly” than the retired sanitation supervisor was. As such, we were trying to purchase a computer which the new supervisor could utilize as well. Currently, the only computer available for Streets, Sanitation and Drainage is the old computer installed for employees to do self evaluations.

The other computer was the one for me. My current computer is 5 years old and acts its age quite often. It is slow and occasionally will “lock-up” if I have too much open at one time. David Carraway also sent you and I an e-mail earlier today discussing the operating system and how it will not be compatible with the new Utilities software. At times, I also have had problems opening Excel and Word files sent to me by individuals who have newer versions of these programs than I do.

Brown Library ADDITION

Add to roof repair + 40,000

We concur.

Fire Department REDUCTIONS

Reduce phone cost to 7500	- 3,144
Delay vehicle #248	- 30,000
Reduce portable radios	- 1,000

EMS REDUCTIONS

Reduce phone to 3500	- 1,000
Reduce portable radios	- 1,000

Telephone: This is a fixed cost that is associated with daily operations of our department. The charges are averaged monthly by the Finance Department and given to the departments to include in their budget request. This line item also increased this fiscal year due to cost of adding the second station. These budget numbers do not include the cost that will be associated with additional phones for the operations of the City's Emergency Operations Center. If this funding is reduced, it will only require that it be reallocated before the end of the fiscal year to cover the overspent account.

Capital Outlay: The delay of purchasing the replacement vehicle for vehicle #248 will only add to the cost in the coming years. This happened with the needed replacement of our department's aerial and ended up costing the City significantly more than it would if they had followed the apparatus replacement policy that was adopted approximately 10 years ago. Communications is very important on the scene of an emergency and in many cases may be the firefighter's only lifeline to getting help if they become trapped. These portables that have been proposed to be cut are a key component in this communications that could mean life or death of a firefighter.

General Fund REDUCTIONS

Cut DWOW to \$25,000 - 21,810
This will result in the alley project being deferred until next year. Council agreed to reduce this item by \$45,000

Warehouse Delay Forklift - 30,000
Impacts Administrative charges in all funds and increases cost next year. See Electric Fund.

Information Service
 Delay Fiber Optic to Communication - 55,075
 Delay GIS Service - 6,000

Delays already long delayed final component to our Information Technology system. Delays implementation and increases costs for Infrastructure Management (water, sewer, storm water, roadway and park management systems), Planning and Zoning map updates, customer billing system improvements, etc.

Billing Department – no new phone - 250
Minor cost savings will likely be lost in Administrative Charge adjustment.

Customer Service -
 Power Week Promotion - 3,500
 Customer Promotion Item - 2,000
 Cuts Choice Pro. - 5,000
 Delay Replacement Vehicle - 20,000

Legal – Reduce to \$ 225,000 - 40,000
We concur but unlikely to be sustainable. Council has reduced this line by \$30,000

Debt Service – Reduce value to reflect change in installment purchases

Accounting changes will be added at end of budget process.

Many of the suggested reductions in expenses are funded by the administrative charges from the enterprise funds. Please see the attached sheet that details the actual expense reduction for the general fund and the respective reduction for the enterprise funds if these reductions were implemented. The forklift in the Warehouse and the vehicle for Customer Service is funded by lease purchase financing so I did back out those expenses (and percentage fees) at the bottom of the chart. A reduction in the general fund expense does not always produce the same amount of reduction in the general fund revenue requirements.

Under the Customer Service reductions:

Public Power Promotions - Some of this cost is directed to recognizing our employees that provide the service to our electric customers every day. These employees are not just those paid out of the electric fund, but all of those employees that serve the electric fund in some capacity (Purchasing, Finance, Information Systems, Customer Service, Billing, Collections, City Manager's Office, Human Resources) The remaining pays for some small advertising to our community and printed material that we distribute.

Customer Promotion Items - About half of this expense purchases promotional items such as pencils, pens, and other items that we distribute to civic organizations, schools and other community events where items are requested of us. The other half pays for advertising for our fan relief program, storm readiness, bill stuffers for a variety of information needs for customers.

Customer Choice Program - This is desperately needed for new construction starts in our customer choice areas. Many of the semi-urban and rural areas (River Road, Pinetown, Bath, etc.) are experiencing very high rates of growth and these new residents and business owners to our area do not realize that they have a choice of electric providers at the time their property is developed. Our competitors are way out front when it comes to capturing these customers. We need a program to get ahead of our competitors and capture some of this new electrical growth. The only time that we can capture this customer is at the time of construction. After the construction has started the customer cannot ever switch to another provider.

Parks and Recreation REDUCTIONS

Events & Facilitator	
Remove Laptop	- 2,000
Wireless Webcam	- 650
Docks	
Add Water Fountain	+ 2,000
Aquatic Center	
Cut fuel cost by reducing pool heat	- 2,000
Parks & Grounds	
Reduce salary by one (1) employee	- 20,000
Remove computer	- 1,500
Replace vehicle #805 1996 pto 89,500 miles (only 9,000 miles/yr.)	

Item 1 **Events and Facilities Division**
 Remove Laptop

 We can live without the laptop but it will delay operational efficiency within the Events and Facilities Division. The supervisor for this division is frequently at remote sites such as the Sport Complex and the Bobby Andrews Center. The added responsibilities of the Aquatic and Fitness Center makes it imperative to be able to work at all sites while being linked with the others performing all forms of tasks from communication to planning.

Wireless Webcam

- We need to be able to observe the skatepark at a moments notice for public safety and any City issues. Having this feature will allow our Center staff and Facility Supervisor to perform services for both areas at once.

Item 2 Aquatic and Fitness Center Division
Cut Fuel Cost by reducing pool heat

- As a response to this suggestion at the budget meeting, the pool temperature has been reduced by one degree. Note: We have already received complaints about the reduced temperature.

Item 3 Parks and Grounds Division
Reduce Salary by one employee

- In this section staff is working on overload, now. With new facilities and updated parks, they cannot keep up as it is. And the new facilities seem to keep coming.
- We had a reduction of one full time maintenance worker in 2006 along with a \$40,000 reduction in part-time salaries. Since those reductions, we continue to upgrade Beebe Park, requiring more manicure work. We also have added a new Skatepark and Parking Lot at the 7th Street Park area. We are now operating at a level that may put our staff at questionable levels for personal safety. Being able to cut grass, put up and empty trash containers, monitor and repair playground equipment, buildings and athletic areas is already questionable.

Remove Computer

- The computer upgrade was recommended by the IT section. This “hand me down” computer has been upgraded with replacement parts and the warranty has expired. It needs to be replaced and we concur.

?Replace vehicle # 805

- Vehicle # 805 is a 1996 ¾ ton pickup truck operating on its third transmission. The Garage section in Public Works has asked us to trade this vehicle. We concur with their recommendation because of a safety issue for our staff in parks and on the street.

Item 4 Waterfront Docks Division
Add Water Fountain \$2,000

- If we add an additional water fountain, we will need \$500 more dollars. We were not able to find a water fountain for \$2,000.

PLEASE ALSO SEE THE ATTACHED SCHEDULES REGARDING THE FINANCIAL IMPACT OF DELAYING EQUIPMENT AND COMPUTER REPLACEMENT. AS OF THE FY 08-09 BUDGET THERE IS AN APPROXIMATELY \$2,000,000 EXISTING DEFICIT IN EQUIPMENT REPLACEMENT AND \$20,000 IN COMPUTER REPLACEMENT. THESE SHORTFALLS ARE PROJECTED TO GROW SUBSTANTIALLY.

Mr. Smith stated he appreciated the work Mayor Pro tem Mercer had done in setting some direction. Mr. Smith stated one thing that came across was Council did not want to increase the tax rate and Mr. Smith said they are recommending we decrease ad valorem taxes by \$246,000 and this will eliminate the \$0.04 tax increase, decrease the transfer from public safety capital reserve fund by \$57,712, decrease fund balance appropriated by \$211,000, and increase the sale assets by \$515,000 (which is the pending resolution of a liability claim). Mr. Smith stated from his last conversation with Mr. Holscher he feels we should receive that money maybe by the close of this fiscal year, but certainly early in the next fiscal year. In the event it doesn't happen before the end of this fiscal year, then we are recommending the following capital items totaling \$246,000 (which is the \$0.04 on the tax rate be deferred until the money comes in) the elevator \$175,000, upgrade of fiber optic cable to Communication Center (\$55,000), police recording system (\$16,500). With those steps and the steps we have already taken there will be no increase in property taxes. Mr. Smith stated the rest of the budget would be intact. Mr. Smith believes Council received the memo he put together on the 401K as well as the analysis for the fleet replacement and he is prepared to answer questions in that regard.

Councilman Jennings had a question for Mr. Smith on his email entitled City Council wage and benefit deliberations. Councilman Jennings stated he understood the following columns on the spreadsheet: Job Rate, 3% COLA, Council Fixed \$1,130, difference, but would he explain the 401K impact column. Mr. Smith said right now the City pays out \$45 per pay period and the employee is not required to contribute. Councilman Jennings stated correct and in Mr. Smith's budget proposal there was a required participation; Mr. Smith said "yes" to go to \$50 and a required \$5 participation. Mr. Smith suggested that one of the discussions made during budget deliberation was to reduce the City contribution to \$25 and then match up to an additional \$25. This column represents (in order to keep the \$45 the employee receives now from the City contribution) an employee would need to contribute \$20 and this column is \$20 X 26 pay periods. Councilman Woolard inquired about the \$72. Mr. Smith stated \$72 means a Maintenance Worker I would received under the \$1,130 proposal a net increase of \$448 more than 3% that is in the budget; however, if they pay the \$520 in order to keep the \$45 for 401K their net is a loss of \$72. Councilman Jennings said he felt this was misleading because the \$20 is in their account per pay period (it goes into the 401K) and Mr. Smith agreed but the employee just will not have it for current spending. Councilman Jennings said they will not lose the \$20 because it is in their account and will come out in a pre tax plan. Councilman Jennings said to maintain the \$45 rate they would actually be putting in \$20 of their own money and receive \$25 from the City and over \$20 would be more money going in their retirement account every pay period.

Mayor Pro tem Mercer stated he was a little troubled when he saw the medical cost column. If you add the medical cost you will pay that anyway because the City only pays for the individual because if you put your spouse and children on there you will pay for them regardless. It makes you look like you have to pay for something you are not paying for now, and this is misleading to him. Mayor Pro tem Mercer stated as he looked at it, the individual will have \$448 with a one-time lump sum that he would not have had otherwise. If he chooses to put the \$20 in the 401K he will get the \$20 match from the City as well as the original \$45. Mr. Smith reiterated that this spreadsheet is designed to show current income.

Councilman Brooks asked Mr. Smith to explain what a person would see in their pay check in the budget recommendation. Mr. Smith stated if we went to \$50 with a \$5 contribution they would get \$55 in the 401K fund but would have to pay \$5 and if they don't pay the \$5 they would keep the \$45. Mayor Pro tem Mercer said the employee never sees the 401K money. Mr. Smith said true, but if they choose to pay that will come out of their current income. Councilman Woolard asked if this was pretax dollars and the answer was "yes". Councilman

Brooks stated so the bottom line is "if you don't pay the \$20, you will not have that money put aside" and Mr. Smith stated that was his understanding of the proposal.

Councilman Jennings asked for information on work groups at various pay grades and see what this will mean to the employees. In other words the 3% grade and the contribution on the original plan, how much money that person has at the end of the day and how much is going into their 401K. Mr. Smith said he has most of that information on the spreadsheet. Councilman Jennings said he gets the point about the 401K impact but that is now the way he would look at it and gave examples of what he would like to see; asking Mr. Smith to walk him through it for a better understanding. Councilman Jennings said he would like to see a line item that shows if you did a minimum requirement, this is what I will have in my 401K at the end of the year. Mr. Smith said the original proposal was if you put in \$5 you would get \$50 and Councilman Jennings said you have to put that \$5 in there to get anything. Mr. Smith said "no" there were a number of discussions but originally to get the other \$5 (making a \$50 contribution from the City instead of \$45) you would have to put in \$5. Another discussion was you had to contribute \$5 to get anything; there was no decision on it because it seemed to be a consensus that it would hit lower income employees. Councilman Jennings stated for clarification the original budget recommendation for an employee would have a 3% budget increase and \$50 401K contribution with no requirement to participate, Mr. Smith said the intent was in order to get the full \$50 they would have to put in \$5. Councilman Jennings asked if I didn't contribute anything what would I get and Mr. Smith said \$45 what you use to get. Councilman Jennings along with Mr. Smith worked on a different scenario to see what the take home pay would be. Susan Hodges, Human Resource Director, stated she thought the spreadsheet was to show if we required employees to make a contribution to the 401K in order to get the City's contribution, it would really decrease their net income or spendable income today by \$20 per pay period. The employees will actually have \$50 plus \$25 put into their 401K every week but the reality is they are thinking how to make ends meet right now because we got a 3% COLA and we all know the cost of living is way above 3% right now. Mayor Pro tem Mercer said you are making the assumption the employee has to put \$20 in there, but we have 78 employees that is not contributing a dime. Ms. Hodges said they will have it to spend now or have it to spend later, you will help them in the long run but you will either take one or the other away. Councilman Jennings said Ms. Hodges made a good point about having the money now and that was why he was going through the exercise separating the 401K from the pay increase to see at the end of the day what combination of the 401K philosophy and the increase philosophy would put more money in the pocket of the employees. Ms. Hodges stated the breakpoint is about \$38,000 and any employee that makes more than \$38,000 will receive less with the \$1150. Councilman Jennings said it is important to know for the record, this decrease is not cost saving for the City; it is just a discussion about how proportioned these are in the current environment to help take care of our folks. Ms. Hodges stated that's the reason they tried to make philosophical notes about that because this was understood. Council was talking about changing the distribution of those funds and we tried to address some of the concerns they would have and felt Council would like to know about. Mayor Pro tem Mercer and Ms. Hodges addressed the compression in the salary range and the percentage changes. Ms. Hodges said they ran the numbers what it would do and Councilman Jennings wanted to know what they got. Mr. Smith said the difference was about 37% of the employees that would lose out under the fixed increase between \$25,000. Mr. Smith suggested going ahead with the 3% minimum or \$1130/\$1150 and we find the \$25,000 in the budget. Mayor Pro tem Mercer stated the medium salary of \$38,000 that was given to him by Ms. Radcliffe, saying that 120 employees or below and 120 employees above and that and he can't see 120 employees only impacting us by \$25,000. Ms. Radcliffe said she thought the average was \$35,100 and Mr. Smith said he thought we were talking about the difference between average and medium and

Councilman Jennings agreed stating it would make a difference. Mr. Smith said the spreadsheet includes everyone who works for the City and we are paying today (existing salary, what the 3% would be and what the \$1130/\$1150 would be and this would add up to \$25,280). Councilman Jennings felt this was a compromise worth considering. Mr. Smith said if it acceptable to Council, they will go back and find \$25,000 in the General Fund. Mayor Pro tem Mercer suggested if he can go down his list of budget adjustments he is recommending, Council will find the \$25,000. Councilman Jennings recommended tabling the salary adjustment and the 401K and to begin working on the budget adjustments proposed by Mayor Pro tem Mercer and if they find the \$25,000 revisit the salary adjustment and the 401K, Council agreed.

Mayor Jennette called Councils' attention to the updated budget adjustments list that was presented by Mayor Pro tem Mercer. Council started deliberation from the provided list. Below you will see those suggested items with the **action/no action** that was taken by City Council.

1. Give all full time employees of record on July 1, a one time salary adjustment of \$1,150 and increase the rate for part time employees by \$0.25 per hour (3% of \$8.33)

After discussion, on motion of Councilman Jennings, seconded by Councilman Woolard, Council adopted a salary adjustment in the form of 3% or \$1,150 whichever is greater and commit an extra \$25,000 to the pay plan this year. Mayor Pro tem Mercer voted no. – Motion carried by majority vote.

On motion of Mayor Pro tem Mercer, seconded by Councilman Davis, Council unanimously adopted a salary adjustment of \$0.25 per hour for part-time employees.

2. Set the 401K contribution to \$25 for every employee (except police officers) who contributes a minimum of \$5 to the plan, and a match dollar for dollar up for contribution from \$5 to \$25 (\$5 contribution, a match of \$5 and a City contribution of \$25 for a total City contribution of \$30: up to a maximum contribution by the City of \$50).

Discussion followed:

Mr. Smith said he thinks it is not the time to take back \$20 from employees. Councilman Davis stated you are not taking it back and Mr. Smith said we are taking it out of their pocket until they retire. Councilman Brooks stated we had been talking about this a long time and we should put it to rest. Councilman Brooks said everyone that is sitting on this Council has made money from the 401K and he doesn't agree with taking money out of people pockets that are making lesser money than they made on their jobs he can't agree with it and think it is a shame. Councilman Brooks said if anyone tells him they didn't make enough money to put in 401K on the job they had is exaggerating the truth. He does not agree with taking money from the lower person and we can talk about it but we ran for City Council and on the ticket you stated you would treat everyone fair, show me where this is being fair, this is just wrong. Councilman Jennings said this was a good thought and he appreciates that thought but they are not taking money from anybody. Councilman Woolard said he thinks what Councilman Brooks is saying is you will be forcing employees to contribute \$5-\$20 and the City will match up to the certain amount. Councilman Jennings said he appreciates the distinction but that money is going into their account. Councilman Jennings stated they will get the same match and true they may have to put in \$20 of their own money and that will be about \$14 pretax dollars and he understand that is real money. Councilman Jennings stated he don't thing by considering this that we are crossing any ethical grounds. He feels the point Council is coming from is just as concerning to him in that 78 employees

had been benefiting from a match from the City without any participation in the 401K. Councilman Jennings said his only hope is that we encourage paying for their own retirement at a level they can afford. Councilman Jennings feels it is unfair to the 170 employees that have been contributing some of their own money. Councilman Woolard stated he can appreciate what Councilman Jennings is saying but they are saying is the City have been contributing the \$45 up until now and technically we are taking the money away (because we giveth and we taketh away) no matter how you look at it. Yes he understands you should have employees contribute but if you look at the scheme of things, we are taking the money away from them. Councilman Woolard stated to have employees to contribute he agrees with, but he is not sure about the combination they get to. Councilman Jennings said let's keep this thought, Councilman Woolard don't have a problem with asking the employee to contribute something and Councilman Woolard said "correct" and Councilman Jennings asked Councilman Brooks if he agreed with that and Councilman Brooks said "yes". Councilman Brooks said he feels if we give the salary increase of 3% or \$1150 whichever is greater the employee will contribute something to the 401K, he just don't feel you should cut anything off because when you cut something out you don't get it back. Mayor Pro tem Mercer explained how when he was working he encouraged his employees to contribute to the 401K. Mayor Pro tem Mercer felt we are in the same situation here to encourage employees to contribute, if the employee contributes \$5 then the City will contribute \$30 (the \$25 plus \$5 match). Councilman Woolard said that is not the same thing because the employee is receiving \$45 and you will be taking money away. Mayor Pro tem stated the policy states the City will make that contribution if the funds are available.

On motion of Mayor Pro tem Mercer, seconded by Councilman Davis, accept the 401K contribution to be set to \$25 for every employee except police officers and contribute a minimum of \$5 to the plan and a match dollar to dollar up to the contribution from \$5 to \$25. – Motion died

Ayes:

Mayor Pro tem Mercer
Councilman Davis

Nays:

Councilman Brooks
Councilman Jennings
Councilman Woolard

Following more discussion, on Motion of Councilman Jennings, seconded by Councilman Woolard, Council unanimously accepted the 401K take the form this year of a required contribution for the match participation of at least \$5 which will in turn generate a \$50 mach of the City and a required education outreach.

3. Delete the \$30,000 to replace the forklift in the warehouse.

After discussion, no action was taken – leave in the budget.

4. Delete \$20,000 for one pickup in Customer Services.

After discussion, it had already been agreed to eliminate one pickup truck from the budget.

5. Replace only 4 cars at Police Department and replace care wrecked in 2008. Save \$15,000. Also, only install transport systems and other equipment on the five new vehicles, save \$3,350.

After discussion, and Mr. Smith along with Chief Reed plan for

reducing the number of vehicles, Council previously agreed to replace only 4 cars at the Police Department.

6. Reduced special events uniforms to \$100 per officer. Save \$2100.

Chief Reed presented his proposal to Council by reducing the number of officers and would save more than the \$2100 set per officer.

After discussion, Council agreed to go with Chief Reed proposal.

7. Don't contract for new station design. Use Public Safety Reserve funds to purchase and then design building to the property, if suitable property becomes available after Council decides on location.

After a lengthy discussion, Council agreed to allocate \$100,000 instead of \$150,000 to get the process started.

8. Delete \$100,000 for upgrade of 9-1-1 system.

Mayor Pro tem Mercer stated we are actually proposing to borrow \$86,000 of the \$100,000 and only pay \$14,000 out of the account. Mr. Smith said they have a revised proposal in that regard. Chief Reed stated what he would like if they are not going to upgrade to wireless compliance, there are two things he would like for council to consider: 1. Continue allowing them to put in the mapping system in the current communication center and 2. Consider looking at the dates of the computers and using the \$25,000 to update computer hardware and software systems. Council table and will revisit.

After discussion, Council agreed to cut the upgrade for 9-1-1 system.

9. Delete one portable radio from Fire or EMS. Three new employees, three new radios. Save \$1,000.

After discussion, Council agreed to delete one radio.

Chief Davis just wanted Council to understand that when you start talking about communication, you are talking about the life and death of a person.

10. Add \$40,000 to Library for roof repairs.

Council agreed to add \$40,000 to the Library for roof repairs.

11. Cut DWOW to \$15,000 to be used to design alley upgrade. Save \$45,000.

After discussion, Council agreed to \$15,000 to do the plan and Design of the alleyway.

12. Cut fiber optics line to Utility Communication Center. Save \$55,000.

After discussion, Mr. Smith stated he is asking to deferred and it will come back to Council.

13. Cut GIS Sever. Save \$6,000.

After discussion, Council agreed to fund from 911 balance (this year budget).

14. Cut phone from Billing Department. Continue to share phone when part time employee present. Save \$250.

After discussion, no action was taken – leave in the budget.

15. Cut promotions budget in Customer services to \$6,000. Save \$4,500.

After discussion, no action was taken – leave in the budget.

16. Reduce Legal to \$225,000. Save \$40,000.

Council previously agreed to reduce legal fees.

17. In Police Department, fund two position authorized but not funded this year and fund one new position. Save \$35,000+

After a lengthy discussion concerning the positions to be filled and pay grades, Council agreed to give Chief Reed the personnel he needs and have a \$9,000 savings. Council agreed we need to make progress where it needs to be and if that means putting more personnel on the street then we need to do that.

18. Police Department cut phone budget by \$3,000.

After discussion, no action was taken – leave in the budget.

19. Fire-EMS cut phone budget by \$4,000 (24 phones in 2 areas)

After discussion, no action was taken – leave in the budget.

20. Electric Director cut phone to \$6,000. Save \$750.

After discussion, no action was taken – leave in the budget.

21. Meter Services Cut Warehouse repairs. Save \$15,000.

After discussion, no action was taken – leave in the budget.

22. Cut Pole attachment study. Save \$45,000.

After discussion, Council agreed to cut the study for this year. Mr. Hardt stated he was going by the direction Council gave back in January.

23. Power Line Maintenance, cut awning and gutter repair. Save \$25,000.

After discussion, no action was taken – leave in the budget.

24. Power Line cost, cut truck 602. Save \$170,000.

After discussion, no action was taken – leave in the budget.

25. Airport cut maintenance around building to \$400/mo. Save \$2,200.

After discussion, Council agreed to rebid and see if we can cut it by \$2,000 from \$7,000 to \$5,000.

26. Airport cut legal fees. Save \$ 2,000.

After discussion, Council agreed not to cut Airport legal fees.

27. Water Treatment cut lawn mower \$9,000.

After discussion, Council agreed to keep the lawn mower.

28. Wastewater Treatment cut Gator \$6,000.

After discussion, Council agreed to cut the Gator.

29. Cut Jeep #248. Save \$30,000

After discussion, Council agreed to cut Jeep #248.

30. Cut all new computers.

After discussion, Council agreed to replacements of all computers and purchase one new computer.

31. Cut repointing brick at Civic Center. Save \$20,000.

After discussion, Council agreed to keep repointing brick at the Civic Center.

32. Cut Sewer Vacuum Truck. Save \$235,000.

After discussion, Council agreed to purchase the Sewer Vacuum Truck and split ½ between Fund Balance, and ½ between installment note purchased.

33. Cut elevator and revisit when the funds are available \$175,000.

After discussion, Council agreed to defer the elevator and revisit when funds are available (\$175,000).

34. Cut T3 and T4 out at the main substation.

After discussion, Council agreed to keep T3 and T4 located at the main sub-station in the budget.

Mayor Jennette called Council attention to the Fee Adjustments presented by Mayor Pro tem Mercer. The following adjustments were addressed tonight and the rest are to be looked at by the Manager and Department Heads and presented to Council at a later date.

4. Manufactures in excess of \$25,000 Maximum from \$500 to \$5,000

After discussion, Council agreed to increased Manufactures Privilege License to \$2500.

***Note: Mayor Jennette advised Mr. Smith to check on legality.**

7. Retail and Wholesale in excess \$25,000 Maximum from \$500 to \$5,000

After discussion, Council agreed to increased Retail and Wholesale Privilege License to \$2500.

***See note above.**

17. Facility Fees, Peterson Building
Peterson Building
Facility use fee??????????????

\$11 to \$15 sq ft.

Stewart Parkway

\$100 to \$150 per event

Mr. Mobley advised Council they are charging \$25 now and proposing to go to \$30. Mayor Pro explained why he placed the ?? on his spreadsheet. Mr. Mobley said when the League participates in the programs, they pay a facility use fee and it is \$25 per child and the recommendation is to go \$30 per child. However, all Leagues will receive a \$5 rebate for all City residents.

22. Stormwater Management change commercial to approx, sq ft charge

Mayor Pro tem Mercer asked Mr. Smith and Mr. Lewis to check this out.

24. Dumpster-Commercial

After discussion, Council agreed not to change.

At this point, Mayor Pro tem Mercer asked to go back to the motion on the table for the 401K contribution. ***Note: Motion and discussion will be shown under number 2 of Mayor Pro tem Mercer's Budget Adjustments. For your convenience the motion has been inserted below.**

On motion of Mayor Pro tem Mercer, seconded by Councilman Davis, accept the 401K contribution to be set to \$25 for every employee except police officers and contribute a minimum of \$5 to the plan and a match dollar to dollar up to the contribution from \$5 to \$25. – Motion died.

On motion of Councilman Davis, seconded by Councilman Jennings, Council unanimously adjourned until Monday, June 30, 2008 at 4:30 p.m. in the Council Chambers at the Municipal Building to adopt the budget.

**Reatha B. Johnson
Acting City Clerk**