

The Washington City Council met in a continued session on Monday, May 3, 2010 at 4:30pm in the City Council Chambers at the Municipal Building. Present were: Archie Jennings, Mayor; Doug Mercer, Councilman; Ed Moultrie, Councilman; William Pitt, Councilman; Gil Davis, Councilman; Bobby Roberson, Mayor Pro tem; Jim Smith, City Manager; Cynthia Bennett, City Clerk and Franz Holscher, City Attorney.

Also present were: Matt Rauschenbach, Chief Financial Officer; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; John Rodman, Planning Director; Keith Hardt, Electric Director; Ray Midgett, Information Technology Director; Mike Voss, of the Washington Daily News; Delma Blinson of the Beaufort Observer and Brandia Deatherage of Beaufort County Now.

Mayor Jennings called the meeting to order and Councilman Moultrie delivered the invocation.

APPROVAL/AMENDMENTS TO AGENDA

There were no amendments to the agenda.

ELECTRIC FUND BUDGET REVIEW

Jim Smith, City Manager stated, at Council's direction we reduced the dividend paid to the General Fund from the Electric Fund by \$200,000 as well as substantially reducing most of the Capital items. A balanced budget has been prepared for next fiscal year without a rate increase, but not without taking money from fund balance to balance the budget. If we have to continue to take money from fund balance next year then there will not be enough money in that fund to pay the monthly payments to NCEMPA.

Councilman Mercer suggested reducing the Electric Fund budget by \$750,000. Mayor Pro tem Roberson asked if there were new employees proposed in the Electric budget. Mr. Hardt stated there are no new proposed positions.

Mayor Pro tem Roberson and Councilman Mercer questioned why the Electric Dept. is being charged rent for their office space at City Hall, while the Public Works Dept. is not. Both need to be charged or neither needs to be charged. These are Enterprise Funds and should be paying rent to the General Fund for their use of the facility; the allocation should be consistent and will be recalculated to reflect the change.

Councilman Mercer said at the last meeting Council put a two week hold on the purchase of all capital and noncapital purchases until released by Council. Mr. Smith stated the understanding of staff was the hold was for a two week period. Councilman Mercer was under the impression that Council would release the purchases at the following Council meeting. Mr. Rauschenbach reviewed the process that occurred with the two week hold and the reductions in capital and non capital purchases. Council discussed purchasing AMR meters as well as generators for the lift stations and the removal of gaseous chlorine from the water treatment plant. Mayor Jennings stated that it appears the two week hold on purchases had the designed effect with the reduction of budgeted Capital Purchases and Repairs and Maintenance in the amount of \$300,000.

By motion of Councilman Moultrie, seconded by Councilman Pitt, Council officially lifted the moratorium; retroactive to include the projects that have taken place, in order to synchronize Council and staff's time line of the moratorium on the purchase of capital and non-capital items.

Council members discussed overtime vs. comp time. Councilman Mercer suggested reducing overtime by 1/3 and putting that amount in contingency. Councilman Moultrie stated the department head needs to closely monitor overtime. Mayor Jennings challenged the department heads to come up with an incentive for a manageable solution. It was also suggested to setup a deferral account for overtime pay to be placed and could be accessed without having to come back to Council.

A motion was made by Councilman Mercer and seconded by Councilman Davis, to reduce the sale of electricity revenue to \$35,282,107. Staff can work to balance the budget with that as the sales revenue for the sale of electricity. This is a 5% loss with a 30% markup, basically cutting the electric budget by \$500,000. Mayor Jennings stated this is a number we can't control, wouldn't it be more in line to reduce the electric budget by \$500,000. Matt Rauschenbach noted that \$265,000 in fund balance was appropriated to balance the Electric Fund budget. (No vote was taken at this time)

Keith Hardt stated that using load management is the main way to save money. Mr. Rauschenbach stated we have 100 load management switches in the budget. Mr. Hardt said we could see almost a \$1 million reduction in wholesale purchases with the use of load management switches. Mr. Smith stated the conservative plan would be to appropriate \$400,000 over a four year period (\$400,000 per year for four years). This would cover about 2000 switches per year and the contract labor to install and inspect them. Mr. Rauschenbach stated there is also \$10,000 for Project Help for utility assistance program. There is also \$40,000 for the landlord's portion of the weatherization program. Council voiced concern over paying the \$275 that the landlord's should be paying. Mr. Smith stated it would be nearly impossible to invest \$400,000 in the budget for load management as well as reduce the electric budget by \$500,000. Mr. Smith suggested investing the \$300,000 in unspent capital purchases from the current budget year in the load management program.

Mayor Pro tem Roberson voiced concern about delaying further capital items that have already been delayed numerous times. Mr. Smith noted the budget was already reduced by \$1.7 million before being presented to Council. Mayor Jennings stated this is already a slim and straight forward budget and doesn't want to overstep the challenge with the proposed \$500,000 reduction.

Motion restated: By motion of Councilman Mercer, seconded by Councilman Davis, Council voted to reduce the sale of electricity revenue to \$35,282,107 then staff can work to balance to budget with that as the sales revenue for the sale of electricity. This is a 5% loss with a 30% markup, cutting the electric budget by \$500,000.

By motion of Councilman Davis, seconded by Councilman Moultrie, Council voted to begin the energy savings (primarily load management) program in the current budget year by using the \$300,000 reduction in capital purchases in the current budget year. As well as direct the Planning Board to move forward with the minimum housing code and direct the Electric Advisory Board to meet and discuss with sister cities to determine how they implement mandatory load management.

ADJOURN

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adjourned the meeting at 7:15pm until May 10, 2010 at 5:30pm at the Municipal Building.

**Cynthia S. Bennett
City Clerk**