
The Washington City Council met in a budget session on Tuesday, April 26, 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 Brooks delivered the invocation.

Budget Discussion – Expansion & Enterprise Funds

BUDGET COMMENTS OR QUESTIONS FROM COUNCILMEMBER MERCER

Expansion

P317 - COLA 1% I recommend drop to 0.5% based on regional CPI for last 12 months

P318 - Need person, but aren't benefits high?

\$ 1,569 FICA 7.65%
1,487 Retirement 7.25%
6.220 Insurance
1,350 401k
301 Uniforms
\$10,927 Total benefits

Appendix

P321. This list is helpful but doesn't show all computers and tablets listed in the Dept. request.

Will cross check and report findings during Wednesday's workshop.

Network Administrator, David Carraway reviewed the list of computer replacements as well as tablet purchases with Council.

P325. Are pushback fees in line with other airports?

Yes, since we are just starting in the tow business, our fees are cheaper than surrounding airports.

Is \$35 increase for monthly tie downs justified?

Current tie-down fees are in-line with other airports in our region. We suggested the increase in an effort to generate some additional revenue for the airport; there are currently 4 tie-downs used monthly.

Airport is approximately \$100,000 short of covering expenses with current fee charge and hangar utilization.

P326. Commercial Storm water fees are excessive. This fee will be greater than Water and Sewer for most down town businesses.

See schedule of rate increase impact comparison. Commercial properties are the primary contributors to Storm water runoff throughout the City. The downtown area average water & sewer bill is \$55. The proposed Storm water fee will increase from \$27.00 to \$40.50 for a small downtown business.

Fee Schedule

P11. Need refund language re-inserted

Refund language is consistent with current year.

P15. Need refund language re-inserted.

Refund language is consistent with current year.

P25. Is the \$25 fee for approval of a final plat adequate? The final plat often takes more time than the preliminary.

Fees were reviewed and revised for the current year's budget and adequately represent the cost.

- P37. I suggest we reduce the EMS charges to the level approved by Medicare-Medicaid. This will reduce the write-off each year.
Current rates are suggested by EMS Management Consultants and maximize our collections which is a good tradeoff for higher write offs.
- P42. I suggest we increase the Perpetual Care charge to \$250.
The City's cemetery fees overall are high compared to surrounding areas. Additional increases beyond the proposed 5% in grave spaces may impact our sales.
- P55. Is the \$25 charge for an electric pod strictly for the installing and removal of the pod? Is there an additional charge for the energy used?
Cost is for installation only electricity usage is paid for by recreation maintenance. Pod installation charge could be increased to \$50 with a usage charge of \$25/day.
- P60. Do we need to get out of Cardinal program so we can charge outside users for services?
Benefits, cataloging cost savings, and State Aid eligibility outweigh the revenue that would be gained by charging outside City residents a fee.
Need to re-insert language for exemption of fee for Multi-purpose room for small civic groups.
Overlooked and will be inserted.
- P89. Need to review electric rates. It appears we are selling near or below our wholesale cost in some classes.

Additional questions from Councilmember Mercer:

- Pg. 326 - stormwater - move residential up \$1.00 instead of \$.50 and change commercial to possibly 25% increase
- Pg. 25 - Change final plat review from \$50 increase to \$100
- Pg. 37 - ask EMS billing group to review Medicare charges in conjunction with Affordable Care Act – this will come back before Council.
- Pg. 42 - perpetual care charge increase to \$250 from \$200
- Pg. 55 - electrical pod – increase charge from \$25 to \$75 and add charge of \$25/day for electricity
- Pg. 60 - Cardinal – consensus ok to leave as is (staff follow up on Cardinal)
- Pg. 61 - reinsert language for exemption for fee for renting multipurpose room at library
- Pg. 89 - electric rates – industrial and large general customers need to be adjusted (Councilmember Mercer) we are selling power at less than we are buying it for. Staff will readjust electric rates for industrial and large general customers (rate reserve fund)

WATER

Directors Office

- P146. Why 2 cell phones and three phones for three employees?
Ext. 302, 332, 363 Landline Office phones and 2 cell phones for the Director & Public Works Supt.

- P141. rents: \$37,000 why the change? No rate increase.

WATER

- P152. Number of phones seems excessive. Realize 17 employees but with three shifts, only 6 are on duty at on time. What are air cards and why a Century Link charge?
Ext. 310, 373, 371 & 635 Landlines for the Communication Center and 2 cell phones for Water Resources Supt and Operators, 2 phone stipends and 2 wifi hotspots (air cards).
Century Link charges are for the phone internet service.
- Provide Councilmember Mercer with list of phones, tablets and computers.
- P154. Isn't painting the clear wells maintenance instead of non-capital?
Painting of clear wells would be maintenance, however, because of \$ amount it was included in the non-capital purchases line item.

The Capital request to replace an ammoniator and a new mower do not appear to be in the Capital Plan unless major problems, recommend we remove these items. Why two tablets?

Items less than \$25,000 are not required to be listed in CIP.

2 ammoniator's, currently in place, are original equipment to the plant when it was built in 1993. The manufacturer has indicated that the existing units are now obsolete and parts are becoming scarce. Now, there is 1 unit out of service because parts cannot be found to rebuild. The proposal is to replace both units.

2008 Toro is having lots of mechanical issues over the last 2 years and same issues keep coming up. Repair costs are mounting. Mower is used almost every day during grass season.

Tablets are for operator read-ups and data management.

Distribution Construction

P160 - The proposed tie line for Runyon Hill to 264 is in the CIP, but I would like a little more explanation as to why tie in need. Is this area not already tied to City system?

No, it is on the County's Water System and is fed from River Road. We need to tie Runyon Hills to the City System to improve pressure issues when the County is flushing or doing repairs. This looped system in this subdivision will improve water quality and reliability.

SEWER

WW Treatment

P173. Do we need to remain a member of the Pamlico Basin Association at \$5,400? Aren't only members Rocky Mount, Tarboro and Washington?

This membership enables the City to not have a nitrogen or phosphorous limit in the NPDES permits. Also, allows the City to be exempt from in-stream monitoring; if required, it would entail upstream & downstream monitoring in the winter(weekly) and summer(3 times/week). Membership enables a collective bargaining voice when dealing with the State during permit renewals. Greenville, Rocky Mount, Tarboro, Oxford, Franklin County, Warrenton, Robersonville, Louisburg, Belhaven, Enfield, Scotland Neck, Spring Hope, Pinetops, Bunn, Creedmoor, and Washington are members.

P181. Do we renew NPDES permit every year or every five years? This is in budget every year. Do we need spare pump for Oxidation Ditch No2. Do we have a spare pump for Ditch No1 and are they the same pump? If not the same, why don't we use only one model pump? If you lose pump, what is delivery time and can't we operate on one ditch for that period of time.

Permits are renewed every 5 years, however, renewal fees are annual.

Oxidation Ditch 1 & 2 utilize different technologies and different equipment. The recirculation pump, currently in service, is the spare pump. The primary pump failed and was deemed unrepairable; this pump runs 24/7 and the treatment process is compromised without it. Last repair took 3 months and the parts came from overseas.

Lift Stations

P184. How many pumps in 5th and Respass station? Are these pumps sized to maintain necessary flowrate operating only 33% of the time? Could you continue to operate with a failure of one pump?

5th & Respass currently has 1 small pump (80hp) and 2 large pumps (185 hp). The pumps have 55,762 hours (Pump 1), 32,399 hours (Pump 2) and 37,960 hours (Pump 3) on the pump motor housings; the pumps are 11 years old. Since installation, Pump 1 has been rebuilt 3 times, Pump 2 rebuilt 5 times and Pump 3 rebuilt 4 times. All of these rebuilds have been since 2009 and range between \$10,000 and \$20,000 per rebuild. 1

pump will handle the flows during normal times, however, during rain events, 2 pumps are required.

- Buy new pump this year and put new pump in next year's budget as well.

Not in budget, but in the CIP and the vehicle replacement plan is a request to replace the 2009 Sewer Vacuum Truck, this unit is only seven years old and I thought this truck had a 10 year useful life expectancy. Why are we replacing early? This appears to be an expense we can delay until the 2019 budget.

The amount of grit and corrosive material that is pulled through the truck daily are factors that shorten the life of this equipment. It is to the City's advantage to replace this equipment while it still has value on the used market. We could wait to replace in FY 2017-18, but I do not feel comfortable beyond this time; even minor repairs are costly on P.D. Blowers and containment body.

STORMWATER

P191. Capital request is increased to \$200,000. We haven't spent this much total in the last two year. Thru March, we have only spent about \$60,000 of \$150,000 budgeted during this year. What needs to be done a 7th and Harvey, and Lawson and Reed that wasn't addressed this year as budgeted? I would suggest we reduce to \$100,000.

The current project being designed by ARK Engineering addresses 5 key locations for drainage improvements. The preliminary cost estimate for base bid on Lawson to Reed and Willow Street is \$327,000. We would like to propose to bid project in late May with add alternates for the East 7th & Harvey to East 9th Street locations. Depending on bid cost we can add more work to the project and spread cost over 2 budget cycles.

ELECTRIC

When the sitting Council approved the 6% reduction in electric rates last year, it was based on projections that I prepared and were reviewed by Booth and Assoc.; and a major assumption in these projections was that the O&M budget for the Electric Dept. would be limited to \$8 million in the first fiscal year after the generating assets were sold. These projections allowed for a rate reserve fund to be built in the first year and a drawdown on this balance in the following years to allow stable rates for multiple years. We cannot use this reserve for current expenses or we will be forced to increase rates on a more frequent basis. I realize the power agency has delayed the rate increase which was supposed to go in effect in April of this year has basically that an increase may not be necessary until early 2019(our budget year 18-19) If this projection holds, we will be able to build a larger reserve and hopefully address the replacement of downtown area utilities sooner.

The proposed O&M budget is \$8,629,000, so if we are going to retain the \$8 million limit, we need to reduce the proposed budget by \$629,000.

Misc.

P203. Why is Electric Dept. budgeting \$100,000 for Work Order-Billing software. This should be in the Capital Project for Software in the Finance Dept. that was established this year. Councilmember Mercer suggested deleting this item - \$100,000

Communications

Additional \$100,000 is needed for implementation of utility billing and software to include a work order system.

- Matt Rauschenbach will look at readjusting the expense to other departments

P205. Do we need to review the idea of part time employees in this area since we are providing benefits for the part time staff?

Current mix of part time and full time staff works well to provide 24/7 coverage.

- Staff will confirm this info for Wednesday.

Director

P206. Don't we have a plotter in the Public Works or Planning Dept. that can be shared? How much in-house plotting do we do? Councilmember Mercer suggested deleting this item - \$10,000

We need our own in place now. Due to subdivision maps, circuit maps and our new GIS system all of our maps will be updated weekly if not daily and since it will be located at our office on Grimes Rd., will be a great asset.

Meter Service

P212. Why uniforms for only 6 of 7 employees?

Ed Pruden does not wear a uniform.

Do we need \$50,000 worth of inventory for new customers? How much inventory do we currently have?

This includes all type meters and the CT's & PT's for primary and secondary applications.

- Jeff Clark will provide how much inventory is kept on hand in warehouse.
- Mr. Roberson will ask about replacing street lights with LED with a grant

Substations

P217. Why do we need to purchase land for a tower at Hodges and Hy264 when the Eastern Substation is just a short distance away. Councilmember Mercer suggested deleting this item - \$20,000.

This tower will be located further east on 264 near our Forest Hills substation.

We seem to purchase breakers for substations every year. How often do we actually replace? What is warehouse inventory at this time?

The two we are replacing this year are a B4 at our main substation replacing the unit placed in service in 1981. The other breaker is at Wharton Station and is an obsolete Square D model that spare parts are no longer available for.

Why do we have \$3500 of weed control in this area? Can't it be handled in the \$30,000 in Line Maint.?

The \$3,500 is for substations and \$30,000 is for 1/3 of our right of way spraying. We are evaluating spraying in house this year and if successful the funds will be used to purchase chemicals.

What in the SCADA interface and why is it needed? \$20,000

Can be eliminated, the additional \$100,000 for software should be sufficient.

Load Management

P220. Why do we need 1,000 new Load Management switches? What is warehouse inventory? How many switches are we installing for new accounts and how many are replacements. \$70,000

We are ordering switches for next year because we did not purchase any in the current year's budget. Delivery is 16 weeks, warehouse inventory is 598 as of 4/25/16, and we are installing around 60 switches/month. 65% are replacement switches and 35% are new installations. We can do an interface to escape the \$20,000

- Get saturation rate for switches
- Reduce number of switches purchased to 500 instead of 1000 (verify price break in number ordered)

Why are we including RICE monitoring at \$25,000. This was done last year and is only required every three years or 8700 hours of operating time. DELETE \$25,000

Retesting and evaluation is every 3 years but we are required to monitor continuously and report quarterly.

- Jeff Clark will verify info and what money is being used for

Power Line Maintenance

P224. Tree trimming has increase by \$55,000 to \$490,000. Did we bid this work? Could we get a better price if we bid?

We did get a quote from Dudley and requested one from Lewis. Dudley's bid was higher than Davey Tree Service. We are pleased with the service provided by Davey.

It is proposed to spend \$30,000 for herbicide application. I though we purchased an all-terrain vehicle in last year's budget, so we could do this in-house.

We are evaluating spraying in house this year and if successful will no longer need this outside service.

Why are we spending \$420 per employee for safety shoes for 19 employees? How many pairs each. Do we need to set policy on number of pairs per employee?

We pay 100% of the cost of boots for employees and they are allowed two pair per year. We are in the process of bidding out this purchase.

P225. Steps for accessing the panels in Festival Park. \$7,000 ~ we don't need to spend this money in this way. These panels are the second greatest eyesore along our waterfront. I thought we were going to relocate these panels when we relocated the pump station, but apparently, I was wrong. We need to budget to relocate these panels.

The Electric Department was tasked with building access steps for the panels. A cost estimate of moving the panel will be obtained, it will be expensive.

- Staff will look at cost of moving panels to another location.

Don't argue with the need to store new wire under a shelter, but how many more truck shelters do we need?

Need to build a storage building for wire and a staging area for large jobs.

Power Line Construction

P228. We need to re-evaluate all the projects in this area. In 2012, we had a 20 year Electric System Improvement Plan prepared by Booth and Associate. This plan suggests improvements (both maintenance and new construction) that at that time totaled about \$60 million. The current CIP has nearly \$20,000,000 (all areas) proposed for the next 5 years.

Jeff Clark has reviewed the 20 year plan and since 2012 nearly \$16 million of these projects have been completed.

Grimesland Rebuild is in progress; therefore, it needs to stay. When will bidding be completed and contracts let?

Grimesland Rd. project should go out for bid within 6-8 weeks. A delay was experienced for the water way crossing permit.

Delete the Avenue Road and Cherry Run project for this year. Use the fund to re-locate Festival Park panels. Councilmember Mercer suggested deleting this item - \$110,000

These tie points are necessary for reliability and good customer service.

Vehicle No. 601 is Ford 150, why do we need a F350 (?) with a construction body when we already have two. Replace with Ford 150 (\$20,000 vs. \$5500) Councilmember Mercer suggested deleting this item - \$25,000

This vehicle is not adequate for hauling or pulling the equipment needed for jobs and a crew cab is need for the crew to ride in.

We budgeted a Wire Tensioner in the 12-13 budget, why do we need another one this year? Councilmember Mercer suggested deleting this item - \$50,000

The wire tensioner is what is necessary to pull wire in a safe and effective manner. The current equipment is out of date and unsafe.

- If we aren't going to spend money for engineering can we use it for moving panels? Staff will research cost and new location. Don't spend \$7000 for steps for panels.

Mr. Roberson addressed the following items and by consensus, Council will address these items on Wednesday:

- Sidewalks
- Dectron
- Kate B. Reynolds

ADJOURN

By motion of Councilmember Brooks, seconded by Councilmember Pitt, Council adjourned the meeting at 9:00pm until Wednesday, April 27, 2016 at 5:30pm in the Council Chambers at the Municipal Building.

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