
The Washington City Council met in a continued session on Monday, April 24, 2006 at the Municipal Building at 4:30 p.m. Present were: Judy Jennette, Mayor; Darwin Woolard, Mayor Pro tem; Richard Brooks, Councilman; Archie Jennings, Councilman; Ed Gibson, Councilman; James Smith, City Manager; and Rita A. Thompson, City Clerk. Fred Holscher, City Attorney and Mickey Gahagan, Councilman, were absent.

Also present were: Carol Williams, Finance Director; Jimmy Davis, Fire Chief; Bobby Roberson, Community Development Planning Director; Allen Lewis, Public Works Director; Lynn Lewis, Tourism Director; Keith Hardt, Electric Director; Julie Hicks, Library Director; and Susan Hodges, Human Resources Director.

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

BUDGET WORKSHOP

Jim Smith, City Manager, gave an overview of the budget, highlighting points he made in his Budget Message. Last year's General Fund Budget was \$15.3 million, part of that was for capital, thus the operating budget was closer to \$14.5 million. The proposed estimated revenues available for FY 06-07 with no tax increase and the same rates as last year is about \$12.4 million. You have the \$12.4 million and over \$2 million shortfall in terms of current revenues and last year's expenditures. Part of that was funded (\$750,000) by reserves from Fund Balance. When you bring forward the encumbrances from the prior year, that brings forward additional fund balance, but thererotically any expenditure will have to be expended out of that fund balance that came forward. The key is that the \$750,000 one time revenue is no longer available. There were also large transfers from the Electric that will no longer be available if we keep maintaining electric rates. He stated staff had to look hard to see how to balance the current expenditures and current revenues.

Mr. Smith stated that each department was given a percentage of the General Fund budget based on the \$12.4 million dollars. The \$2 million in reductions had an impact on the department's operations and were unacceptable. Closing facilities, not enough money to buy fuel, etc. "would not work." About \$400,000 had to be included just to get to that point. The other issue was personnel costs. They looked at staffing and asked where could they make reductions that would have the least impact. Four positions are proposed to be eliminated through lay offs. Reductions in staffing are proposed in administrative, cultural, and public works department. In addition, filling of certain vacancies and anticipated vacancies in public safety are being deferred for the next fiscal year. Two positions will remain unfilled in the Police Department, and the hiring of three additional firefighters to staff the new west-end fire station will be deferred until after July 2007. These adjustments still did not bring expenditures and revenues in line.

Mr. Smith pointed out that taxes have not been raised in fourteen years. An 8 cents tax rate is included in the budget, which amounts to around \$50 per household for the average house of \$60,000. Also, they looked at fees covering the expense of the service such as solid waste collection and disposal where a \$7 fee was charged regardless of the volume of trash at the curb or whether a household recycled materials. The fee for service program is included in the 06-07 budget where Sanitation will become an enterprise fund like the electric, water, wastewater and stormwater management which is self supporting and will reduce the revenue needs of the General Fund.

Mr. Smith stated that it will be a very tight year. By next June 30th there might be temporary layoffs, that he can't recommend more permanent layoffs. He stated it will take three years to get back where we can fund the needs we need to fund.

Council discussed several issues after Mr. Smith's overview of the budget:

- take more money out of reserves (below where we should be now)
- taken max out of Electric Fund

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- admin charges for grants within reason
 - increasing fuel charges
 - joint dispatching being looked into
 - tax collection rate (County to collect liens)
 - sell land City doesn't need (put on agenda)
 - senior employees will be offered other positions
 - persuade employees with 30 years service to retire (not many stay after 30 years)
 - putting liens on property who don't mow their own property
 - earmark funds to the Airport (County funds)

Human Resources

- Start up costs for web based employee performance appraisal and goal setting software (\$8400 start up and \$3,400 annual maintenance)
- Consultant evaluating employee benefits
- Anticipated increase of \$100,000 Worker's Comp insurance (not included in proposed budget)
- Projected 10% health insurance costs (included in proposed budget)
- Implementation of last phase of Pay and Classification Study
- 3.5% COLA included
- 401K - \$35 to \$40 (\$10 below law enforcement)

Councilman Jennings left at 5:45 p.m.

Council convened at 6:20 p.m. and reconvened at 6:30 p.m.

City Council

- Cut 30%

Mayor

- Cut 15%

City Manager

- Cut 8%.
- Funds for Public Information Officer deleted except for minor assistance with City Web site

Finance

- 5% reduction, cost of annual audit reduced

Purchasing

- One position eliminated

Information Services

- Increased by compensation adjustments, costs of upgrading utility billing software, cash collections and upgrading system hardware for security and operational performance.

Revenue Collections

- Increased by scheduled compensation adjustments

Billing Department

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- Increased by scheduled compensation adjustments and associated operational cost of processing utility bills

Legal Services

- Decreased 15% based upon recent utilization experience (Mr. Smith will talk to Fred Holscher about further reducing dollar amount)

Miscellaneous Non-Departmental

- Decreased 28%
- Not funding Public Safety Capital Reserve
- Loss of local match of \$91,000 for Governor's Highway Safety Grant Fund
- No local match of \$35,000 for CDBG Grants

Council discussed the dues the City pays to the Chamber of Commerce. Mayor Jennette suggested that the City pay dues like everyone else and any balance be used to fund outside agency funding.

Debt Service

- Decrease of 50%
- Existing debt for solid waste equipment reallocated to new Solid Waste Enterprise Fund
- \$17,445 annual payments for replacement of HVAC at Civic Center
- Annual payment for new fire truck and new fire station loans included

RECAP - Monday, April 24, 2006

- City asking County for their share of Airport ad valorem tax money to come back to City (if they say yes, this money could be included in the proposed budget to support the Airport operations)
- Anticipated \$100,000 increase in Worker's Comp insurance (not included in proposed budget)
- Projected 10% health insurance costs (included in proposed budget)
- Property & Liability - \$255,016 anticipated to increase (not included in proposed budget)
- 401K - \$35 to \$40 (Council discussed making it mandatory for contributions from employees, no direct action taken)
- If City sells vacant lots, this money can be added to budget for unfunded capital outlay requests
- Pay Chamber dues as everyone else does, balance put in outside agencies

**RESOLUTION SUPPORTING CAMA PUBLIC BEACH AND COASTAL
WATER ACCESS GRANT APPLICATION**

Bobby Roberson, Planning Director, stated that the City of Washington has received notification from the NC Department of Environment and Natural Resources, Division of Coastal Management that the City has been selected to complete a final application for the shoreline access program. Fifty-two applications have been received requesting over \$4.2 million dollars in grant funds for the up-coming year. The final submission of the application does not guarantee that the City will be awarded a grant. It means that our preliminary proposal has merit and the Division would like more detailed information to consider the final funding of the proposed project. The application calls for a \$100,000 commitment from the Division of Coastal Management, a \$12,500 cash match, and a \$12,500 in-kind contribution.

On motion of Councilman Woolard, seconded by Councilman Brooks, Council unanimously adopted a Resolution Supporting the CAMA Public Beach and Coastal Water Access Grant Application for the purpose of creating a shoreline access project on the Singleton property along Hwy 17 South.

RESOLUTION

**Resolution in Support of CAMA
Public Beach and Coastal Water
Access Grant Application for the
City of Washington – Tar River Access Project**

WHEREAS, during a regular meeting on April 24th, 2006, the City Council held a public meeting to take comments on the proposed City of Washington – Tar River Access Project to be constructed on South Bridge Street (Hwy 17 S); and,

WHEREAS, The City Council desires to improve public access to its surface waters; and,

WHEREAS, in accordance with its CAMA funded Water Access Plan, the City desires to improve access to the Tar River by purchasing the property along the shoreline of South Bridge Street; and,

WHEREAS, The City Council is submitting a grant application to the North Carolina Division of Coastal Management requesting funds in the amount of \$100,000; and,

WHEREAS, The City will match the grant with a combination of cash and in-kind services totaling \$25,000,

THEREFORE, BE IT RESOLVED, that the City Council, after receiving public comments on the proposed improvements to the Tar River Access Project supports the CAMA Public Beach and Coastal Water Access Grant and agrees to match the grant with \$25,000 in cash and in-kind services.

ADOPTED, this 24th day of April, 2006.

s/Judy Jenntte
JUDY JENNETTE
MAYOR

ATTEST:

s/Rita A. Thompson
RITA A. THOMPSON, CMC
CITY CLERK

CONTINUED MEETING

On motion of Councilman Gibson, seconded by Councilman Woolard, Council unanimously adjourned the meeting until Thursday, April 27, 2006 at 8:30 a.m. at the Washington Civic Center.

Rita A. Thompson, CMC
City Clerk