

MINUTES OF MEETING OF MAYOR AND COUNCIL HELD
FISCAL YEAR 2015-2016 BUDGET WORK SESSION
MAY 26, 2015

BUDGET WORK SESSION

The Mayor and Council of the City of Goldsboro, North Carolina, called a Special Meeting on May 26, 2015 at 12:30 p.m. to conduct a Budget Work Session and amend Resolution No. 2015-36 in the Large Conference Room, City Hall Addition with attendance as follows:

Present: Mayor Alfonso King, Presiding
Mayor Pro Tem Chuck Allen (arrived at 12:39 p.m.)
Councilmember Bill Broadaway
Councilmember Michael Headen (arrived at 12:39 p.m.)
Councilmember William Goodman (arrived at 12:42 p.m.)
Councilmember Charles J. Williams, Sr.
Councilmember Gene Aycock
Scott Stevens, City Manager
Melissa Corser, City Clerk
Randy Guthrie, Assistant City Manager
Kaye Scott, Finance Director
Kim Dawson, Accounting Services Manager
Betsy Rosemann, Travel & Tourism Director
Karen Brashear, Public Utilities Director
Shycole Simpson-Carter, Community Development Administrator
Jimmy Rowe, Planning Director
Faye Reeves, HR Director
Bobby Croom, City Traffic Engineer
Scott Barnard, Parks & Recreation Director
Felicia Brown, Parks & Recreation
Scott Williams, IT Director
Faye Reeves, HR Director
Gary Whaley, Fire Chief
Jeff Stewart, Police Chief
Mile West, Police Major
Sherry Archibald, Paramount Theatre Director
Jose Martinez, Public Works Director
Julie Metz, DGDC Director
Allen Anderson, Chief Building Inspector
LaTerrie Ward, Community Affairs Director
Marty Anderson, City Engineer
Andrew Jernigan, DGDC Board of Directors
Charles Gaylor, Wayne Community College Small Business Center
Ethan Smith, News Argus Reporter

Call to Order. Mayor King called the meeting to order at 12:32 p.m.

Invocation. Councilmember Williams provided the invocation.

Amending Resolution No. 2015-36. Resolution Adopted. The Goldsboro City Council voted at their meeting on April 20, 2015 to change meeting times. Work Session began at 5:00 p.m. and the formal Council Meeting began at 6:00 p.m.

City Council voted at their meeting on May 18, 2015 to reinstate the original meeting times. Regular Work Sessions will begin respectively at 5:00 p.m. and the formal Council Meetings will begin at 7:00 p.m.

City Council adopted Resolution No. 2015-36 establishing the public hearing concerning the Neuse River Basin Regional Mitigation Plan to be held at 6:00 p.m. on the 15th day of June, 2015. City Council would like to move the public hearing to 7:00 p.m. on the 15th day of June, 2015 to coincide with the meeting time changes.

Upon motion of Councilmember Broadway, seconded by Councilmember Williams and unanimously carried, Council adopted a resolution amending the public hearing time to 7:00 p.m. on the 15th day of June, 2015.

RESOLUTION NO. 2015-37 “RESOLUTION AMENDING THE PUBLIC HEARING TIME SET IN RESOLUTION NO. 2015-36”

Budget Presentation. Mr. Scott Stevens stated it is his pleasure to offer for Council’s consideration, the recommended annual budget of \$54,038,688 for Fiscal Year 2014-15 for the City of Goldsboro. He stated he would turn the presentation of the proposed budget over to Ms. Kaye Scott. Ms. Scott provided handouts to Council and reviewed the following information:

TOTAL BUDGET

FISCAL YEAR 13-14	FISCAL YEAR 14-15	
<u>ADOPTED</u>	<u>RECOMMENDED</u>	<u>DIFFERENCE</u>
\$54,038,688	\$54,698,375	\$659,687

BREAKDOWN BY FUNDS

<u>Funds</u>	<u>FY 14-15</u>	<u>FY 2015-16</u>	<u>DIFFERENCE</u>
General Fund	\$37,687,563	\$37,849,172	\$ 161,609
Utility Fund	\$15,550,265	\$16,202,430	\$ 652,165
Downtown District Fund	\$ 69,775	\$ 71,723	\$ 1,948
Occupancy Tax Fund	\$ 731,085	\$ 575,050	\$ (156,035)
Totals	\$54,038,688	\$54,698,375	\$ 659,687

Overview of Recommended Budget

<u>Item</u>	<u>Change</u>	<u>Notes</u>
Tax Rate	Yes	Increase rate from 65 cents to 66 cents per \$100 of valuation.
Municipal Service District	No	Current rate is 23.5 cents per \$100 of valuation.
Occupancy Tax	No	Current levy is 5 percent for local hotel and motel occupancy.
Solid Waste Fee	No	No fee increase recommended.
Utility Rates & Fees	No	No utility rate increase recommended.
New Debt Supported by General Fund	Yes	Financing for W. A. Foster Recreation Center and Country Club Facility
New Positions Recommended	7 FT 1 PT	Narcotics Investigator; Deputy Public Works Director; Environmental Codes Inspector; Utility Maintenance Technician; Equipment Operator; Maintenance Technician; Special Events and Marketing Assistant; and Part-Time Compliance Officer
Number of positions authorized/funded	442	444 positions authorized FY 2014-15. 3 additional positions authorized during FY 2014-15. FY 2015-16 proposed budget includes 7 new positions, 10 positions eliminated and 2 reclassifications from full-time to part-time.
Health Insurance Changes	Yes	No change in plan design or benefits. The amount paid for each employee increased 4.8% from \$628 to \$658 per month.
Employee Pay Increases	Yes	1% COLA increase for the full year (\$230,389); 1.5% merit increase for one-half year (\$174,520) and \$100 one-time merit bonus (\$58,569).
Employee 401(k) Contribution	No	5% for sworn law enforcement 3% for all non-sworn City employees

Agency Recommendations

<u>Agency</u>	<u>FY 15-16 Requested Amount</u>			<u>FY 15-16 Recommended Amount</u>		
	<u>General</u>	<u>CDBG</u>	<u>Total</u>	<u>General</u>	<u>CDBG</u>	<u>Total</u>
Chamber of Commerce	20,000		20,000.00	10,000		10,000.00
Literacy Connections	14,000	12,500	26,500.00	7,000	5,000	12,000.00
Boys & Girls Club	15,000	20,000	35,000.00	-	13,000	13,000.00
Arts Council	30,000		30,000.00	25,000		25,000.00
WAGES	20,000		20,000.00	-		0.00
W.A.T.C.H.	40,000		40,000.00	20,000		20,000.00
Museum	22,000		22,000.00	12,000		12,000.00
Wayne Uplift	10,000	10,000	20,000.00	5,000	2,000	7,000.00
Communities in Schools	15,000		15,000.00	15,000		15,000.00
The Mental Health Association	2,500		2,500.00	-		0.00
Cumberland Community Action		7,280	7,280.00		5,000	5,000.00
Wayne Comm. College (WORKS)		11,600	11,600.00		9,284	9,284.00
W.I.S.H.	20,000	30,000	50,000.00	-	15,000	15,000.00
			299,880.00			143,284.00
Wayne County Alliance	75,000		75,000.00	75,000		75,000.00
Butterball Economic Incentive	13,000		13,000.00	13,000		13,000.00
One NC Fund Grant	15,000		15,000.00	15,000		15,000.00
Goldsboro/Wayne Transportation	222,740		222,740.00	222,740		222,740.00
	534,240	91,380	625,620.00	419,740	49,284	469,024.00
Waynesborough Park			35,000.00			25,000.00
Occupancy Tax			35,000.00			25,000.00
Totals		\$	660,620.00	\$		494,024.00

Agency Recommendations #2

Agency	FY 14-15 Allocation			FY 15-16 Requested Amount			FY 15-16 Recommended Amount		
	General	CDBG	Total	General	CDBG	Total	General	CDBG	Total
Chamber of Commerce	15,000		15,000.00	20,000		20,000.00	10,000		10,000.00
Literacy Connections	5,000	7,000	12,000.00	14,000	12,500	26,500.00	7,000	5,000	12,000.00
Boys & Girls Club	-	13,182	13,182.00	15,000	20,000	35,000.00	-	13,000	13,000.00
Arts Council	25,000		25,000.00	30,000		30,000.00	25,000		25,000.00
WAGES	20,000		20,000.00	20,000		20,000.00	-		0.00
W.A.T.C.H.	20,000		20,000.00	40,000		40,000.00	20,000		20,000.00
Museum	22,000		22,000.00	22,000		22,000.00	12,000		12,000.00
Wayne Uplift	5,000	3,000	8,000.00	10,000	10,000	20,000.00	5,000	2,000	7,000.00
Communities in Schools	15,000		15,000.00	15,000		15,000.00	15,000		15,000.00
The Mental Health Association	-		0.00	2,500		2,500.00	-		0.00
Cumberland Community Action		5,000	5,000.00		7,280	7,280.00		5,000	5,000.00
Wayne Comm. College (WORKS)		7,000	7,000.00		11,600	11,600.00		9,284	9,284.00
W.I.S.H.	-	20,000	20,000.00	20,000	30,000	50,000.00	-	15,000	15,000.00
			182,182.00			299,880.00			143,284.00
Wayne County Alliance	75,000		75,000.00	75,000		75,000.00	75,000		75,000.00
Butterball Economic Incentive	17,500		17,500.00	13,000		13,000.00	13,000		13,000.00
One NC Fund Grant	17,125		17,125.00	15,000		15,000.00	15,000		15,000.00
Goldsboro/Wayne Transportation	248,240		248,240.00	222,740		222,740.00	222,740		222,740.00
	484,865	55,182	540,047.00	534,240	91,380	625,620.00	419,740	49,284	469,024.00
Waynesborough Park			30,000.00			35,000.00			25,000.00
Occupancy Tax			30,000.00			35,000.00			25,000.00
Totals	\$ 570,047.00			\$ 660,620.00			\$ 494,024.00		

Discussion included the following:

- Proposed Tax Increase – Councilmember Williams stated personally he could not support a tax increase. Councilmember Aycock asked that the 1 cent tax increase would mean to taxpayers. Ms. Scott shared 1 cent is about \$10 per year on an average home valuation of \$100,000 and \$12 on \$120,000. Ms. Scott shared due to loss of funding for the privilege license, the City is losing \$425,000 and the tax increase would only cover half of that loss. Mr. Stevens shared he has read where many communities are increasing taxes due to bond referendums or loss of privilege license tax. Councilmember Aycock suggested if the state found funding to replace the privilege license tax, maybe next year cut out the 1 cent tax increase. Mr. Stevens stated Council could amend the budget.
- Mayor Pro Tem Allen stated he felt we should include a 1 cent tax increase to “sustain” Seymour Johnson and plan better than we have in the past. There needs to be some funding for lobbying, to purchase lots, or whatever it may be to support and keep Seymour Johnson Air Force Base. Mayor King stated it is also the responsibility of the private sector to provide support for Seymour Johnson Air Force Base.
- Agency Requests – Council discussed agency requests and agreed upon the following changes:
 - Wayne County Chamber increase to \$15,000
 - WAGES (Meals on Wheels) increase to \$15,000
- 401 (k) – Councilmember Aycock suggested staff look into a matching 401 (k). Mr. Stevens asked if they could wait until next year in order to allow time to research He shared 65% of employees currently contribute to their 401 (k).

Business Incentive Grant Program Information. Ms. Julie Metz shared information regarding the Downtown Business Incentive Grant Program that provides \$400 per month for one year for business start-ups or businesses relocating to Downtown Goldsboro. This is a competitive grant process and grants are awarded for eligible projects on a fund-available basis and at the discretion of the DGDC Board of Directors based on recommendations from the Economic Restructuring (ER) Committee. Applications are reviewed quarterly per fiscal year.

Ms. Metz shared a copy of the Business Incentive Grant Application and the Applicant Review Form.

Ms. Metz provided the following summary:

- 16 Awards Total; 9 Still in Operation (56%)
- Since 2011/12 Criteria Change: 8 Awards; 7 In Operation (87.5%)
- Jobs Produced: Total – 58, In Operation – 33

- Total City Investment: \$59,200
- Total Private Investment (only includes investment to building): \$918,900
- City’s Return on Investment: 1,452%
- 40% of Applications Received During 5 Year Period Were Not Awarded

Mr. Jernigan stated he has been on the board for seven years now and the quality of applications have improved significantly. He stated if you look at the numbers, the reality is 90% of businesses fail in the first 5 years and if you look at those who have been approved downtown, 87% are still around. The business incentive grant is working. Ms. Metz also shared the following statement:

“As someone who took these grants into consideration regarding my move to downtown Goldsboro, I feel they are indeed a positive and beneficial incentive to Wayne County as a whole. The fact they are in place sends a strong message to the community that the City of Goldsboro has the interest of moving in forward motion and breathing life back into downtown by actively filling the empty buildings. The action of putting a grant on the table shows that the city cares – the new processes that have been implemented in order for a business to take it off the table, shows they care even more about the best interests of downtown. (The application process requires extreme due diligence, motivation and attention to detail.) The awarding of a grant allows that business owner to reinvest the savings back into their business be it to hire more employees, implement training programs, increase marketing, etc. Any matter by which a business can reinvest back into itself is beneficial for everyone downtown. Downtown is not one business competing against another – it is a community of businesses all working together. When one business successfully implements a façade grant for example, it doesn’t just benefit that business individually – it benefits everyone around them and hopefully motivates others to strive for the same.”

Kathy Cornelison
 Carolina Pine Country Store

Councilmember Broadway suggested leaving funding in for at least one more year to allow time for completion of the current streetscape project and then look at harder next year. Mayor Pro Tem Allen stated we have invested \$20 plus million into downtown and at some point downtown has to stand on its own, businesses stand on their own, in his opinion. Mayor Pro Tem Allen stated our job is not to put someone in business, our job is to create an environment for business. Mayor Pro Tem Allen stated that money should be helping downtown not individual people but if today is not the day, then it should be coming soon. Councilmember Broadway stated he felt the day should be coming soon but not today; let’s get the streets open, the environment completed. After discussion, Council agreed to leave in funding this year for façade grants but may consider eliminating in the future.

Councilmember Headen left at 1:39 p.m.

Ms. Scott shared the following information:

Golf Course Revenues/Expenditures – Budgeted/Actual

	FY 2009-10 Budgeted	FY 2009-10 Actual	FY 2010-11 Budgeted	FY 2010-11 Actual	FY 2011-12 Budgeted	FY 2011-12 Actual	FY 2012-13 Budgeted	FY 2012-13 Actual	FY 2013-14 Budgeted	FY 2013-14 Actual
Revenues	540,700	572,421	565,600	565,395	584,600	548,795	443,900	502,363	638,800	569,242
Expenditures	786,904	731,433	783,145	766,142	759,773	787,439	745,954	815,247	878,871	771,031
(Less Debt Payments)	(50,790)	(50,790)	(50,790)	(50,790)	(50,790)	(50,790)	(25,395)	(25,374)	-	-
	736,114	680,643	732,355	715,352	708,983	736,649	720,559	789,873	878,871	771,031
Rev Over Expenditures	(195,414)	(108,222)	(166,755)	(149,957)	(124,383)	(187,854)	(276,659)	(287,510)	(240,071)	(201,789)

Golf Course Discussion. Council reviewed Golf Course expenditures. Councilmember Aycock stated he thought they were told last year the golf course was improving. Mr. Stevens stated during the budget we did say it was improving, however, the revenues did not come in as expected. Ms. Scott stated they did improve, 12-13 was the year the greens were replaced. Mayor Pro Tem Allen shared some concerns regarding the golf course. He asked if staff would research if the golf course could operate as its own entity. Staffing levels were discussed. Mr. Stevens stated you can cut expenses but cautioned the condition of the course could decline and result in loss of revenue. Council agreed they would like to see expenses and revenues more balanced.

Councilmember Goodman inquired about City property on Dixie Trail and Westbrook Road. Mr. Stevens shared the property is leased to Cherry Farms. Ms. Brashear shared reclaimed water is used on the property so plantings are restricted to non-human consumption crops.

Ms. Scott reviewed the following information:

<u>Debt Payments and Balances FY 2015-16</u>		
	<u>Principal/Interest Payment</u>	<u>Outstanding Balance (7-1-15)</u>
Sanitary Sewer Bonds	\$ 2,145,551	13,628,278
Street Bonds	435,143	3,430,722
State Revolving Loan Program – Water	152,063	150,000 (Final)
State Revolving Loan Program – Water Plant	625,847	8,359,120
State Revolving Loan (\$15M)	1,076,500	3,000,000
State Revolving Loan (\$3.3M)	235,465	655,827
AMR System	137,462	635,732
City Hall Annex	258,875	1,426,206
City Hall – Phase II	378,804	1,751,877
Capital Equipment Loan	724,031	2,932,991
Streetscape Loan	114,036	527,391
Paramount Theatre	455,922	2,511,794
TIGER Loan	373,882	4,336,000
(Streetscape/Transfer Facility/Police HVAC)		
Settlement Loan (\$1.7M)	209,426	1,705,000
Loan UF	250,000	750,000
W.A. Foster/GCC Loan	627,763	7,200,000
Eastern Regional Loan (County)	128,331	509,501
IT Leases	224,460	529,330
Total Debt	\$8,553,561	\$54,039,739

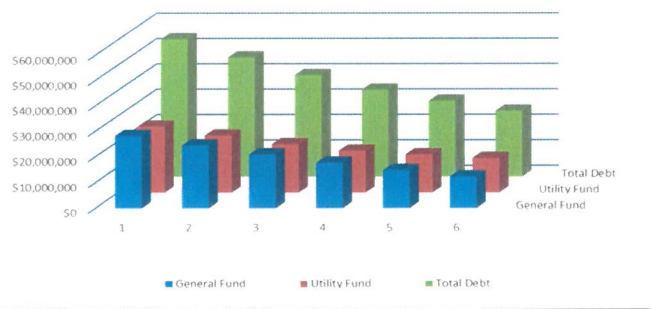
Debt Balances (Includes New Debt: W.A. Foster and Country Club Property)

<u>Total Debt Balances</u>	<u>7/1/2015</u>	<u>7/1/2016</u>	<u>7/1/2017</u>	<u>7/1/2018</u>	<u>7/1/2019</u>	<u>7/1/2020</u>
General Fund	\$ 28,246,544	\$ 24,584,442	\$ 20,998,529	\$ 17,735,880	\$ 14,843,296	\$ 12,363,183
Utility Fund	\$ 25,793,225	\$ 22,235,270	\$ 18,870,009	\$ 16,322,438	\$ 14,846,917	\$ 13,375,635
Total Debt	\$ 54,039,769	\$ 46,819,712	\$ 39,868,538	\$ 34,058,318	\$ 29,690,213	\$ 25,738,818
Reduction in Debt		\$ (7,220,057)	\$ (6,951,174)	\$ (5,810,220)	\$ (4,368,105)	\$ (3,951,395)

Debt Balances (Included New Debt: Police Evidence Expansion and Multi-Sports Loan)

<u>Total Debt Balances</u>	<u>7/1/2015</u>	<u>7/1/2016</u>	<u>7/1/2017</u>	<u>7/1/2018</u>	<u>7/1/2019</u>	<u>7/1/2020</u>
General Fund	\$ 28,246,544	\$ 24,584,442	\$ 20,998,529	\$ 17,735,880	\$ 14,843,296	\$ 12,363,183
(Police Evidence Expansion)		\$ 3,500,000	\$ 3,150,000	\$ 2,800,000	\$ 2,450,000	\$ 2,100,000
Utility Fund	\$ 25,793,225	\$ 22,235,270	\$ 18,870,009	\$ 16,322,438	\$ 14,846,917	\$ 13,375,635
Occupancy Tax (County of Wayne Loan - Multi-Sports)		\$ 3,000,000	\$ 2,700,000	\$ 2,400,000	\$ 2,100,000	\$ 1,800,000
Total Debt	\$ 54,039,769	\$ 53,319,712	\$ 45,718,538	\$ 39,258,318	\$ 34,240,213	\$ 29,638,818
Reduction in Debt		\$ (720,057)	\$ (7,601,174)	\$ (6,460,220)	\$ (5,018,105)	\$ (4,601,395)

Debt Balances



Additional discussion included the following:

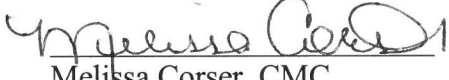
- Kemp Recycling – Ms. Scott shared staff was told on May 19th that Kemp Recycling will no longer accept our recycling. We reduced the revenue by \$15,000. Staff is working on an alternative.
- AMR – Mayor Pro Tem Allen asked for an update on AMR. Ms. Scott shared staff is working with the consultant.
- Assistant Planning Director – Mayor Pro Tem Allen stated under positions not funded was the Assistant Planning Director and he thought someone was in that position. He stated as an MPO, he believes the MPO provides some funding for that position. It was our goal to have assistant directors in all departments, he stated he felt that would be moving backwards.
- Greenways/Sidewalks – Mr. Stevens shared staff would continue to apply for grant funding for greenways and sidewalk construction. Mr. Stevens shared we are doing \$600,000 in greenways that will be completed this year and were funded last year.
- Utility Fund – Council agreed to fund the Westbrook Pump Station Repair and the Main Line Camera request out of the utility fund.

Ms. Scott asked if Council would like for her to bring back the proposed budget with the requested changes on June 1st for adoption. Council agreed.

Councilmember Williams stated the public can come to briefings. Mr. Stevens stated yes the public can attend and there is an audio file that could possibly be posted to the website. Councilmember Williams asked what the cost would be to broadcast the briefings. Mr. Stevens stated staff would gather cost estimates. Councilmember Williams stated he would like Council to be transparent.

As there was no further business, the meeting was adjourned at 2:09 p.m.


Alfonzo King
Mayor


Melissa Corser, CMC
City Clerk