

# Town of HOLLY RIDGE

PO Box 145 \* Holly Ridge, NC 28445 \* Phone (910) 329-7081 \* Fax (910) 329-1593

**HOLLY RIDGE TOWN COUNCIL  
SPECIAL MEETING BUDGET WORKSHOP # 1  
May 11<sup>th</sup>, 2015  
9:00 A.M.**

Mayor Dingler called the Budget workshop of the Holly Ridge Town Council to order at 9:03 a.m. at the Town Hall. Council members present were Mayor Pro-Tem Hines, Councilwoman Stanley, Councilman Lang, and Councilman Woman Hill. Also present were Manager Pierce; John Maiorano, Chief of Police; Heather Reynolds, Town Clerk; Christina Austin, Finance Officer; Building Inspector; Larry Willaford; and Public Works Director, Michael McFann. Councilwoman Bragg was unable to attend due to her work schedule.

**Invocation and Pledge**

Councilwoman Stanley gave the Invocation and Mayor Dingler led the Pledge of Allegiance.

**Review and Discussion of the 2014 – 2015 Budget**

Manager Pierce introduced Christina Austin as the Finance Officer for the Town. He also mentioned Councilwoman Bragg was unable to attend but she provided notes to him and he will incorporate those notes in the discussion.

Manager Pierce stated in accordance with §159-11 of the North Carolina General Statues, I am pleased to present the Proposed Budget for the Town of Holly Ridge for the fiscal year beginning July 1<sup>st</sup>, 2015 and ending June 30<sup>th</sup>, 2016. The budget is to be presented to you at the scheduled May 11<sup>th</sup>, 2015 Budget Workshop.

**Minutes (Budget Workshop #1)**

**11 May 2015**

**Page 2 of 12**

Manager Pierce went over the following highlights of the 2015 – 2016 proposed budget:

- The recommended property tax rate will remain at .415¢ per \$100.00 of assessed value.
- A projected 3% COLA is proposed for all employees and a variable pay scale adjustment for some employees.
- No fund balance appropriation is necessary to balance the 2015 – 2016 budget.
- There are no additional personnel requests at this time.
- A donation to Turkey Creek Fire Department is included in the amount of \$2000.00.
- Recommended user fee increase for garbage and recycling from \$15.90 to \$19.32 per month.

Manager Pierce stated the increase in the user fees is primarily due to the loss of revenues and because that user fee has not been raised in the last few years. He went on to say this increase should sustain the Town for the next few years.

Mayor Pro-Tem Hines asked what one cent increase in tax represent now. Manager Pierce stated \$26,316.

**Revenues**

Manager Pierce discussed the following revenue highlights:

- Property Taxes for the current year are were budgeted at \$968,332 and this year the proposed property tax revenue is projected at \$1,004,745. These figures are based off of the current property valuation \$263,160,000. The Town can expect a 92 percent collection rate this coming year based on past collection.
- Property taxes for the prior year have been reduced to \$92,000 due to the tax collection rate of 87 percent. The total of uncollected property taxes represents \$367,000 spread over a 10 year period. Manager Pierce explained there is a four year lag where there is an eight percent non-collection rate to a two percent non-collection rate.
- The Housing Authority line item is set for deletion due to the Housing Authority being statutorily guided to not pay monies to municipalities.
- The Privilege License tax is set to be deleted due to new legislation.
- The interest on taxes has been reduced by half (\$9,000) based on current collections.
- Mosquito control is not being funded by the state any longer, this will no longer be a revenue source but will show as an expense because the Town will be able to still provide this service.
- The Governor's Highway Safety Grant will include one quarter of the salary for the officer at 50 percent. After October 1<sup>st</sup> the Town will no longer receive funds. The total budgeted this year is \$6074.
- The Town budgeted \$5000.00 for Onslow County Tourism Grant and the Town applied for \$6500.00 for the fireworks. Staff did not feel comfortable budgeting \$6500.00

**Minutes (Budget Workshop #1)**

**11 May 2015**

**Page 3 of 12**

because no decisions have been made and the budget would fall short if the Town was not given the full requested amount.

- Miscellaneous income in the amount of \$6,690 and includes notary, faxes, fingerprints, copies, and other miscellaneous charges.
- The NC Motor Fuel tax has slightly decreased most likely due to the lower cost of gas. This year \$4680.00 is budgeted.
- The Utility Franchise Tax is projected to increase from \$76,400.00 to \$95,500.00.
- Court Fees increased by \$500.00 to \$4500.00.
- Based on collections this year Zoning Permits are budgeted at \$5000.00 and Building Fees are budgeted at \$117,000, both showing decreased. Manager Pierce stated there is a new townhome project with 30 townhomes and nine new homes in Sages Ridge.

Councilwoman Hill stated she did not receive a Fee Schedule in the information that was given. Manager Pierce stated a fee schedule was not included but he could provide her with one. Councilwoman Hill recommended including the Fee Schedule for the Town Council to review as part of the budget cycle. Mayor Pro-Tem Hines asked if the Town Council can maneuver the fees. Councilwoman Hill recommended having the Town Manager look and see what municipalities our size are charging and make sure they are similar.

Manager Pierce went over the Sale of Surplus Property which includes a grill/over estimated at \$800.00, two fryers for \$100.00 each, radar units and the property of 511 Moss Lake Lane estimated at \$20,000.00. Manager Pierce recommended holding on to the property located at 511 Moss Lake Lane until after July 1<sup>st</sup>, 2015.

Manager Pierce stated the garbage collection has increased from \$163,050.00 to \$220,521.00 and that is the revenue increase the Town needed in order to not need to do a fund balance appropriation or raise taxes. Councilwoman Hill asked if this is staying with Waste Industries and Manager Pierce stated yes. Councilwoman Hill asked if there are any considerations to receive quotes from other providers. Manager Pierce stated quotes were received from other companies and those providers were higher.

Manager Pierce stated if the garbage and recycle user fee increase is approved raising the fee from \$15.90 to \$19.32 per month, it represents a monthly increase of \$3.42 and an overall collection totals would increase to \$270,883.00.

- Sales tax refund has increased to \$15,000.00 based on current expenditures.
- The Community Center is still budgeted for \$21,000.00 even though the Town lost Sylvan using the building. The Church has decided to rent the building all day on Sunday's which helps make up for the loss of revenue.

Mayor Pro-Tem Hines stated what is done this year will reflect next year and the year after. On the current property tax, the Town doesn't know what will happen because with the reevaluation in 2016 it could go down or it could come up. Mayor Pro-Tem Hines stated the Town also doesn't know what will happen with Local Option Sales Tax. He went on to say the reason he is saying all of this is because next year the revenues could go down. He also believes the zoning

**Minutes (Budget Workshop #1)**

**11 May 2015**

**Page 4 of 12**

and building permits have reached the tipping point the Town always thought would come and in the coming years the Town will not be able to rely on those monies. Mayor Pro-Tem Hines stated next year there will most likely be a significant decrease and the Town needs to start planning ahead.

Mayor Dinger stated if the Town can get this budget balanced, it will be a great year because there are bills in Legislation now that will directly impact us next year. Mayor Pro-Tem Hines stated the expenditures this year need to be cut back on to make up for the losses that we know we are going to have next year. Councilwoman Hill stated the Town needs to be conservative on the expenditures regardless. Mayor Pro-Tem Hines said the taxes will most likely need to increase next year because there will be the same expenditures and more.

**Expenses**

Manager Pierce briefly discussed employees that are below \$30,000.00 and they have been here for a little while. He went on to say everyone knows how hard to get new employees is often times harder than keeping good employees.

Manager Pierce explained the requested amount for the Police Department Salaries of \$519,057.00 and included an addition of two officers. He also stated there is not enough money in the budget to increase the Police Department by two officers so the proposed amount for salaries is \$449,044.00.

Chief Maiorano stated he would like to have two additional officers but he knows that is not possible with this budget.

Councilwoman Hill asked if the salaries presented include the 3% COLA and any proposed merit. Chief Maiorano stated the figures include the 3% COLA and there are no merit increases written into this budget. Councilwoman Hill said in her opinion a 3% COLA is a little generous and she would recommend a 1.7% COLA and a 1.3% merit pay increase based on evaluations by the Town Manager or Police Chief.

Chief Maiorano discussed compression issues with salaries. Councilwoman Hill suggested dealing with compression by using merit increases and not COLA increases, otherwise the Town would be rewarding the top performers the same as everyone else.

Mayor Pro-Tem Hines asked where the 1.7% COLA came from. Councilwoman Hill stated it is the federal COLA that is proposed.

More discussion concerning compression and how to handle that issue continued.

***Mayor Dinger called for break at 10:16 a.m.***

***The meeting was called back to order at 10:31 a.m.***

Mayor Dingler suggested moving on with the other expenditures and then come back to the compression and salary issues. Councilwoman Hill recommended moving on with the other expenditures.

Manager Pierce stated if the compression issues were fixed now, he can develop a plan over the next year dealing with the compression problems.

Mayor Dingler stated the meeting could move forward with the other expenditures and come back to the salaries.

**Police Expenses**

Manager Pierce went over the following Police Department expenses excluding salaries and benefits:

- Training \$2,700.00
- Telephone \$13,282.00
- Travel & Expense \$1,155.00
- M/R Buildings & Grounds \$1,155.00
- M/R Equipment \$22,480.00
- M/R Auto \$5,775.00
- Auto Supplies \$31,762.00
- Departmental Supplies \$3,234.00
- Uniforms \$6,352.00
- Dues & Subscription \$289.00
- Miscellaneous Expense \$8,085.00
- Capital Outlay \$11,052.00
- Debt Service – Vehicles \$32,098.00
- Debt Service Building \$27,000.00

Councilwoman Hill asked what is included in Miscellaneous Expenses. Chief Maiorano explained they are typically expenditures that do not fit under another line item. Chief Maiorano asked Heather to pull the audit trails on all of the Miscellaneous Accounts.

Mayor Pro-Tem Hines asked why the M/R Equipment jumped so high. Chief Maiorano stated that line item includes the vehicles and upgrading the cameras due to audio and synching issues with the cameras. Chief Maiorano stated storage on the cameras is also an issue because the Police Department requires an increase in storage space.

Chief Maiorano stated the Charter Cable and Internet comes out of Miscellaneous as well as drug screenings and items from various stores.

**Minutes (Budget Workshop #1)**

**11 May 2015**

**Page 6 of 12**

Councilwoman Hill expressed concern over \$26,000.00 overall spending on Miscellaneous and recommends breaking out individual items but if that is the way it has always been done and the Town Council is okay with that, then she is fine with that and just voicing her opinion.

Mayor Pro-Tem Hines stated he doesn't believe it is so much spending the money, but placing the money in an account so that it is known what the money is spent on. Councilwoman Hill stated that is correct.

Chief Maiorano stated moving the Charter expenses under a utility account would represent several thousand dollars of that miscellaneous expense.

Manager Pierce stated the debt service on vehicles includes the payment on the police chargers and this is the last payment. Mayor Pro-Tem Hines asked what is projected out of the Capital Outlay. Chief Maiorano stated he would have an answer after the next break.

**Police Grant Expenses:**

Manager Pierce stated the amount is set because this is the third year of this grant and it is a 50/50 split this year. The grant year ends at September 30<sup>th</sup> and the amount is \$6074.00.

**Maintenance Department Expenses:**

Manager Pierce went over the following Maintenance Department expenses excluding salaries and benefits:

- Training \$250.00
- Telephone \$2,700.00
- M/R Building & Grounds \$3,000.00
- M/R Equipment \$13,900.00

Manager Pierce explained the Maintenance and Repair of Equipment is set at \$13,900.00 because the Town is now under a contract to cut the grass on Highway 17 and Highway 50 with Department of Transportation and the Town needs an additional zero-turn mower which is priced at \$9000.00. Mayor Pro-Tem Hines asked if that is to replace a mower the Town has. Manager Pierce stated no, the Town has one mower that is "limping along" and that one will become a back-up mower. Mike McFann stated this would be replacing the 2002 mower and would bring the total of mowers to four.

- M/R Auto \$1,100.00
- Auto Supplies \$8,755.00
- Department Supplies \$4,944.00
- Uniforms \$1,545.00
- Miscellaneous Expenses \$2,500.00
- Capital Outlay \$16,243.00

**Minutes (Budget Workshop #1)**

**11 May 2015**

**Page 7 of 12**

Manager Pierce stated the Capital Outlay is for the purchase of a new truck that is on order currently. Mike McFann stated he is expecting the truck within the month.

- Debt Service – Vehicles        \$8,522.00

Mayor Pro-Tem Hines suggested moving the cost of the zero-turn from M/R Equipment to Capital Outlay in the amount of \$9000.00. Councilwoman Hill asked if the Capital Outlay for the truck is being financed. Chief Maiorano stated that is a payout.

**Inspections Department Expenses**

Manager Pierce went over the following Inspections Department expenses excluding salaries and benefits:

- Training                                \$3,501.00
- Telephone                              \$1,900.00
- Travel & Expense                    \$1,575.00
- M/R Equipment                        \$4,419.00

Manager Pierce stated the \$4419.00 is for the cost of software and one computer replacement.

- M/R Auto                                \$500.00

Homeowner Recovery fund is set to be deleted.

- Auto Supplies                         \$2,200.00
- Departmental Supplies              \$2,590.00
- Uniforms                                \$1,000.00
- Dues & Subscriptions                \$635.00
- Miscellaneous Expenses             \$450.00
- Debt Service Vehicles                \$8,522.00

There was discussion about the cost of health insurance. Manager Pierce explained the current health insurance plan, the CarePlus Plan will no longer be offered next year and the League recommends a different option for next year. Manager Pierce stated the difference between the two is the out of pocket expense will jump significantly.

**Administration Department Expenses**

Manager Pierce went over the following Administration Department expenses excluding salaries and benefits:

**Minutes (Budget Workshop #1)**

**11 May 2015**

**Page 8 of 12**

• Town Council	\$12,600.00
• Legal Service	\$18,000.00
• Audit Service	\$6,500.00
• Training	\$1,500.00
• Postage	\$3,200.00
• Telephone	\$2,800.00
• Utilities	\$10,600.00
• Travel & Expenses	\$1,800.00
• M/R Building & Grounds	\$4,000.00
• M/R Equipment	\$12,000.00
• M/R Auto	\$1,000.00
• Advertising	\$2,500.00
• Bank Service Charges	\$1,200.00
• Auto Supplies	\$600.00
• Office Supplies	\$5,500.00
• Departmental Supplies	\$1,000.00
• Cleaning Supplies	\$800.00
• Contract Services	\$22,500.00
• Dues & Subscriptions	\$3,400.00
• Insurance & Bonds	\$40,000.00
• Miscellaneous Expense	\$15,000.00
• Tax Refunds	\$2,000.00

**General Fund Other Expense**

Manager Pierce went over the following other expenses:

• Community Building	\$9,980.00
• Fire Department Donation	\$98,075.00
• Turkey Creek Fire Donation	\$2,000.00
• Street Lights	\$40,150.00
• Sanitation/Recycling Fees	\$207,100.00
• Parks and Recreation	\$2,200.00
• Parks, Grounds, Revitalization	\$15,000.00
• Contingencies	\$21,922.00
• Fireworks	\$10,000.00
• Property Tax Collection	\$11,000.00
• Mosquito Control	\$1,500.00
• Elections (Municipal)	\$3,000.00
• Debt Service Streets	\$68,257.00

**Minutes (Budget Workshop #1)**

**11 May 2015**

**Page 9 of 12**

Mayor Dingler asked where the Christmas bonuses are in the budget. Chief Maiorano stated the money is in salaries. Manager Pierce stated the Christmas bonuses are already factored in. Mayor Pro-Tem Hines asked how it can be built into the salaries and doesn't that overall increase the employee's salary. Chief Maiorano stated yes because the State says everything counts as salary and taxes must be paid.

Councilwoman Hill asked how much is approved for each employee and Chief Maiorano stated \$150.00.

Mayor Pro-Tem Hines and Councilwoman Hill requested the Christmas Bonuses be placed in their own line item.

Councilwoman Hill asked if there is an overall plan for road maintenance. Mayor Dingler stated Mike McFann produced a master plan. Mayor Pro-Tem Hines stated he believes a master plan would include certain period of time that certain tasks would be completed.

**Powell Bill**

Manager Pierce went over the following Powell Bill Budget:

Revenues:

- Powell Bill Balance Forward                   \$89,552.11
- Powell Bill Allocation                         \$46,528.22

Expenses:

- M/R Streets   \$136,080.33

Mayor Pro-Tem Hines asked if a part-time Maintenance position come out of the Powell Bill funds. Manager Pierce stated he would need to look at the guidelines and he believes the Town can pay a portion of the salary. Chief Maiorano stated 50% or 25% of a salary was paid in the past. Mayor Pro-Tem Hines stated with all of the additional tasks on the Maintenance Department, they really need a part-time person. Further discussion about a part-time maintenance position continued including discussion about various tasks.

**Manager Pierce went over the following account balances as of 4/30/2015:**

- Bank of America (Operating Checking Account)   \$755,387.79
- Coastal Bank (CD)                                     \$41,105.00
- South State (Money Market)                       \$143,629.70
- South State (CD/12 Months)                       \$103,076.16
- First Citizens (CD/18 Months)                     \$95,079.90
- First Citizens (CD/6 Months)                      \$8,013.97

**Minutes (Budget Workshop #1)**

**11 May 2015**

**Page 10 of 12**

- First Citizens (CD/6 Months) \$7458.60

Councilwoman Hill stated she would like to see a fund balance sheet that shows cash and debt services to show the full picture. Councilwoman Stanley asked Manager Pierce to look into moving the Town's CD's to Coastal Bank because they are the local bank.

Manager Pierce stated looking at the month ending balance for the operating account, 2015 is looking better than last year as far as the balance is concerned.

***Mayor Dingler called for a break for lunch at 11:36 a.m.***

***The meeting was called back to order at 12:37 p.m.***

Mayor Dingler asked if there were any other questions following the break.

Councilwoman Hill asked that the Fee Schedule be updated with the current year and updated costs. She went on to say the Fee Schedule should be at least reviewed every year and if the Town Manager reviews it and feels those fees are adequate, then just change the header to update the year. Manager Pierce asked Larry how the fees for his department compare to other municipalities. Larry stated the Town's fees were in line with other municipalities.

Councilwoman Hill stated the Town should apply for various grants that the Town should be eligible for different grants.

**Salaries**

Mayor Dingler stated the proposal for salaries is a 3% COLA increase across the board for all employees and also adjustments to help with the compression of salaries.

Chief Maiorano stated the budget was set at a 3% increase for the employees and there was an additional \$10,000.00 not budgeted for and staff felt comfortable with the budget and decided to look at the compression issue. Chief Maiorano stated this becomes a recruitment and retention issue when dealing with the compression. Councilwoman Hill asked how a minimum of \$30,000.00 get to be what we want to pay someone. Chief Maiorano stated it came about when discussing the salaries. Councilwoman Hill stated because of length of time here that does not justify a salary of \$30,000.00. Chief Maiorano stated it is not as single as that and re-setting will help with compression and it helps with retention. Councilwoman Hill stated it should be a performance measure.

Manager Pierce stated this would be a Band-Aid fix and he will research over the next year and make sure to avoid this problem in the future. Councilwoman Hill stated COLA should be applied to all employees and the merit should be based strictly on performance. Mayor Dingler stated the proposal is a 3% COLA for all employees across the board and asked the Town Council if they are comfortable with that.

**Minutes (Budget Workshop #1)**

**11 May 2015**

**Page 11 of 12**

Mayor Pro-Tem Hines stated 1.7% is what the CPI is this year. Mayor Dingler stated the Town would be giving more than that to ensure their employees can pay their bills. Mayor Dingler asked if the 3% is what the Town Council wishes to do and then discuss the specific compression issues.

Councilwoman Stanley stated it was 2% and a week off in the past. Manager Pierce stated that was correct.

There was discussion about what was approved for COLA and merit in the past years and possible options for this year.

- 2011-2012 3% COLA and 3% Merit
- 2012-2013 Nothing recorded in the Minutes
- 2013-2014 2% and Merit 1 Week Vacation
- 2014-2015 3% COLA

Mayor Pro-Tem Hines asked Manager Pierce if he wants the Town Council to adopt the variable pay scale adjustment for some of the employees so he does not need to give merit. Manager Pierce stated he would like the Town Council to adopt the pay scale adjustment and give him a year to put together a pay differentiation scale for the employees. *(A copy of the pay scale adjustment is incorporated by reference and hereby made a part of these Minutes.)*

Mayor Pro-Tem Hines asked if the Town Council did a 2% COLA and then add the rest into the pay scale adjustments, would he be happy with that. Manager Pierce stated he would be happy with that. Mayor Dingler stated all of the positions not included in the pay scale adjustment would receive a 2% COLA and a 1% Merit or 1 week of vacation.

Mayor Pro-Tem Hines asked what is set up for the other employees for merit who are not being discussed concerning the compression issue. Chief Maiorano stated if the Town Council is going towards a 2% COLA and 1% merit for the employees on the pay scale adjustment, the other employees would also receive the same for the COLA and merit.

***Mayor Dingler called for break at 1:33 p.m.***

***The meeting was called back to order at 1:47 p.m.***

Mayor Dingler stated the options for the Town Council to consider as follows:

- Pay Scale Adjustments at 3%
- 2% COLA across the board and the Pay Scale Adjustments
- 2% COLA with a week off for the positions not listed on the Pay Scale Adjustment

Councilwoman Hill asked about scheduling another workshop and asked for information concerning salaries in other Towns and other possible ideas.

Councilwoman Stanley stated she is fine with 3%.

**Minutes (Budget Workshop #1)**

**11 May 2015**

**Page 12 of 12**

Councilman Lang would like to keep the 3% and the pay scale adjustments.

Mayor Pro-Tem Hines stated he is satisfied with the Pay Scale Adjustment but not the 3% COLA.

Councilwoman Hill stated she is not satisfied with the 3% COLA and she does not have enough data to support the Pay Scale Adjustments. She would also like the Town Manager to go back and review the budget to see if there is any where possible he could come up with money for a merit increase.

Mayor Dingler stated the Town Council is not in agreement and the meeting will need to be recessed.

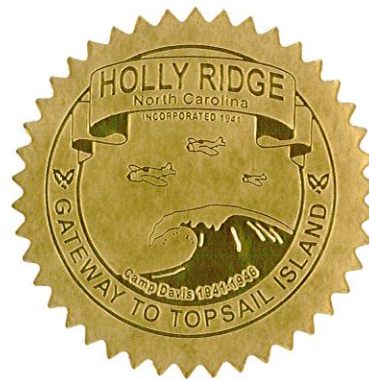
Mayor Pro-Tem Hines stated he wanted to see a part-time maintenance position.

A motion was made by **Mayor Pro-Tem Hines** and seconded by **Councilwoman Hill** to put aside \$20,000.00 from Powell Bill for a part-time maintenance position. **All Agreed.**

Councilwoman Hill stated she would like to see the Fee Schedule for the Town the next time the Town Council meets.

A motion was made by **Councilman Lang** and seconded by **Councilwoman Stanley** to continue Budget Workshop #1 to May 19<sup>th</sup>, 2015 at 5:00 p.m. in the Town Hall. **All Agreed.**

**Attest:**



*Anita Dingler*  
\_\_\_\_\_  
**Anita Dingler, Mayor**

*Heather Reynolds*  
\_\_\_\_\_  
**Heather Reynolds, Town Clerk**

***These Minutes were Recorded and Prepared by Town Clerk, Heather Reynolds***