

Town of Spring Lake  
Board of Aldermen Special Meeting  
Municipal Building  
300 Ruth Street  
Spring Lake, NC 28390

June 16, 2015

MINUTES

7 p.m.

The Spring Lake Board of Aldermen held a special meeting in the Grady Howard Conference Room of the Municipal Complex with Mayor Chris V. Rey presiding.

**Board Members Present:** Mayor Pro Tem James O'Garra  
Alderman James Christian  
Alderwoman Densie Lucas  
Alderwoman Fredricka Sutherland

**Others Present:**

Andrew Wilkison, Interim Town Manager	Tony Buzzard, Town Attorney
Byron Blumenfeld, Water Resource Manager	T.J. McLamb, Fire Chief
Paul Hoover, Public Works Director	Troy McDuffie, Police Chief
Rosa Henegan, Human Resource Director	J.C. Combs, Asst. Recreation Director
Janet Smith, Office Assistant	Claiburn Watson, Interim Finance Director
Rhonda D. Webb, Town Clerk	

**1. Call Meeting to Order**

Mayor Rey called the meeting to order.

(A copy of the special meeting notice is hereby incorporated by reference and made a part of these minutes – see attachment one.)

**2. Invocation**

Mayor Rey gave the invocation.

**3. Pledge of Allegiance**

Mayor Rey led the meeting in the pledge of allegiance.

**4. Business**

**a. FYE June 16, 2015 Budget Workshop**

Mayor Rey asked Mr. Wilkinson to explain the budget they are proposing for this year. Mr. Wilkinson says he will give a general review of budget but Mr. Watson will explain in detail further. He says the budget that was presented to you at the end of May is balanced. It maintains the current tax rate of 70 cents per one hundred dollar evaluation. They managed to maintain use of conservative revenue estimates appropriate funds for infrastructure replacement and maintain a general fund balance of 25% - 30% of budgeted expenditures. The overall budget is down from current years by little over 7 %. The proposed budget is \$12,127,157 dollars. There was several initiatives proposed in 2015-16 budget that funds the neighborhood improvement team which is proposed by Chief McDuffie. Mr. Wilkinson says we contemplated the incentive grant the for Court yard by Marriot which will become due beginning of 16-17 fiscal year. It is not actually shown in the expenditure of this year's budget. He says if they do complete the hotel early and grant is approved and is due and payable in this fiscal year he recommends we take it from fund balance. This balance funds an internal control study by Cherry Becker & Associate, water and sewer rate study by Mc Gill Associate and also has funds for market base pay study increase for employees by Mercer Group. He says the

board received a report on this last week. He says they utilized the collection percentages for real and personal property at 99.35 percent and 98.04 for motor vehicles. Of that 70 cents tax rate he mentioned earlier we need to realize that 1 penny on the tax rate generates \$46,000 in revenue. The proposed budget does utilize \$95,000 of general fund in fund balance and it does anticipate that the fund balance for next year will be between 25 to 30 percent. He says as far as salary and wages they recommend an increase of three full time positions for the neighborhood improvement team and that one officer being transferred to that team and if approved by the board then that will be \$107,000 in cost. The budget also proposes a part time admin assistant to full time status from fire department with an increased annual cost of \$5,000. The \$80,000 does include the pay increase based on market study but it does not include the cost of living increases and that is something they want the board to discuss if willing. He says if you want to impose this increase it is something that could be included if board wants to consider it.

Capital expenditures are 3% of budget or \$387,250 and they include 2 patrol cars for police, transfer of vehicle to fire department to serve as a command vehicle, an aerator for the waste treatment plant and roof replacement for fire and police department and pickup truck for storm and water division and computer upgrades. These services increase it slightly by \$51,000 that lead to total of \$1,300,590.00 and that is 8% of total budget.

Mr. Watson says one of the things he is going to discuss is property tax revenues. There are three components you look at concerns real property, public service companies excluding motor vehicles. Motor vehicle tax went up and 99.8% for all of those items. The local sales taxes are up from March to April from 3 to 4%. He says inter local agreement revenue from Cumberland County receives money and distributes it to all municipalities. Agreement runs out next June 2016 and revenues are down for budgeting purposes and next year we need to take a hard look at how the town would benefit greatly. The inter fund transfer have money coming into general fund for water and sewer and in water and sanitation funds.

Mr. Watson said general fund expenditures for human resources dealing with the salary study put \$64,000 for that and also they put an additional \$16,000 in water and sewer. It gives us a total of an \$80,000 because the study is going to end up costing us \$64,000 to bring those minimum salaries up.

Alderman Christian asks about the privilege tax and Mr. Watson states that we started out a \$30,800 in whole. That went away effective July 1. We cannot replace according to law.

Alderwoman Sutherland wants to know why we pay extra \$10 if we have our transit. The board says it local county fees that is on bill. Mr. Wilkinson responded that you had motor vehicle fee and motor vehicle transportation tax of \$5 dollars that was adopted by the board last year. This is flat fee placed on vehicle. Mayor Pro Tem O'Garra says it was originally five dollars for a long time and board decided they wanted to double it and they charged an additional five dollars and started taxing the citizens of town.

Alderwoman Sutherland says she has some budget concerns the actual for past year is 0 and 75 and 250 for salaries been recommended. She asks is this a new position? Mr. Wilkinson answer in stating that this is final establishment of internal service funds this and fleet maintenance and sometimes called information technology. These are going to be standalone funds in future. There had been an attempt to move to internal service fund and all of department paid out of one fund. If we go to previous years it will show reductions in expenses in fire and police and administration as far as copiers, phones and etc..... The two employees here are not new employees it is Walt Pedrojew and Carrie Degarmo that provide these services.

Alderwoman Sutherland asks are they receiving a different pay from the town for services and this is their total salary included in this amount. The reason this is not shown previous years is it did not exist in this format until Mr. Wilkinson broke it down.

She asks what these special payments are. Mr. Watson says that is where the town put 2% max your salary and 5% for police officers for 401K. This is also for bonus around Christmas. She asks what are fringe benefit

and she said it was FICA. Alderwoman Sutherland asks about the professional services listed on the budget and if the contract still exist or is the employees cleaning now. Professional services are designed to pay for things like auditing, and certain certification if needed in different departments. Alderwoman Sutherland asks about housekeeping fund if we can get contracted out and get the building clean she believes it can save money if we start contracting this service out. We have one individual cleaning who is under the Recreation budget now he is cleaning these offices. This person salary is not paid out this but fire department fire gear is paid out of the fund. Chief McLamb says the housekeeping supplies in his housekeeping fund is used to buy the supplies needed to clean and fire department cleans their own building. Mr. Wilkinson says that \$13,000 of that fund is turn out gear for fire department. The titles make some of this fund confusing and the titles were already in there and it is really hard to change titles and they did not have time to change titles for this budget period. Alderman Christian says the concern he has is finding a way to restore a cola for the employees that work here in the town. He says by looking at document provided to him that in the past the cola went from \$20,545.00 to \$78,060. Mr. Watson says the longevity from each department was that amount and an addition was added by board last year for lump sum of \$78,060 which is bonus that was given out to employees last year. Alderman Christian suggests we take that money instead and give a 1.5% increase instead of giving a bonus. He would like to see a 1.5% to 2% cola given to the employees. Mr. Watson says the \$78,060 is included in budget. The board agrees that last pay increase was in 2010. He says the employees at lower level this pay increase would help them a lot. Mayor Rey says he wants the board to consider this and this will be a recurring cost and his concerns is how it will affect next year's budget. He wants to find out first if there is somewhere we can make a reduction to make up for this pay increase so it will not affect the budget for next year. Mr. Wilkinson says you have look at other salary from other workers and take a look at contracting services and we have the Chamber of Commerce contract that we could take from to use to do this increase. Mayor Rey says that if we are going to do the cola then we need to decrease current recurring cost so we do not put ourselves in real bad position next year. Alderwoman Sutherland says that she would like to see that employees get cola as well. She says when we they did classification study she was asking how some of employees was getting a higher salary that what the position required. She says that your pay is based on experience. She says she has requested a PAF for all of the employees that were given raises by Mr. Metcalf because it seems that some employees were paid much higher than they should have been. She says this also pertain to ones that were hired in at higher salary and make it hard to get promotions. According to our policy if an individual is going to be working in another position it states they get 2.5% but what has happen is they have been given arbitrary figures instead of going by 2.5% that policy states.

She says that we have some individuals who make some high dollars and there is nowhere for them to go because of this. She does not think it was right to pull out a figure and not follow the policy. She says when these new hires arrive and you give them \$5000 more than base salary states then it not fair to the employees who have been here and cannot get raise. The Board all agreed to look at PAF's and figures out how to make it better for other employees. Mr. Wilkinson tells the board that the \$64,000 would implement the study and is not the cost of the study. He says those are funds if approved by board would be used to bring employees up to minimum. The money in human resources, the \$64,000, is the money needed to give to employees to bring them up to minimum level. Alderwoman Sutherland says looking water and sewer expenditures salary and wages the \$163,900 is for all of the employees in that department. She asked why is it higher than prior years. Mr. Wilkinson says it is lower than projected budget for 2014-2015. Mr. Watson says that they budget \$80,000 for the study then they found out it was only \$64,000 so the additional \$16,000 could go to something else instead of staying in water and sewer. The board recommendation is to take the \$16,000 and put in back in general fund. Alderwoman says we need to wait until get PAF and to be fair we need to do initial study to make it fair. We need to do compression study to see if everyone is at level they need to be and then we do cost of living implementation. We have money in budget for compression study. Alderwoman Sutherland asks Chief McDuffie why he is requesting three additional officers. Chief McDuffie says that the officers he requested will make up the neighborhood improvement team which is a

sergeant and two officer positions. His proposals for the fourth position to shift the current code enforcement position to neighborhood improvement team that would make up four man improvement team. It is proactive team of officers that is going to be in neighborhood fighting crime before it starts to spike. The code enforcement duties will shift to Tony in inspection department. Mr. Christian asks about prostitution how is it being taken care of. Chief says this neighborhood improvement team can take care all of those types of crimes before they get out of hand because they will be in neighborhood and dealing with people more actively.

Alderwoman Lucas says she just wants to make sure that everyone understands that the \$64,000 in human resource department in the salary line item is what Mercer Group says is needed to implement the plan to give employees what they are supposed to be making at minimum level.

Alderwoman Sutherland asked have we looked at p-card bills and Mr. Watson says they are down now and the amount is much lower.

Mr. Watson says if you take \$86,000 would be about 60% of general funds it is not all general funds. Mayor Pro Tem O'Garra asks about \$78,000 and Mr. Wilkinson says it was budgeted for longevity. He says we could consider having some funds set aside for cola earlier in fiscal year. So if some funds get cut and this might affect moral and that is what we should be trying to avoid. Mayor Rey says that we need to make sure we are going to do bonus or decide to do cola but not try to do both. The board agrees that we can do that later on in year. Mayor Rey says we need to make a decision on compression study. The board agrees to take out the bonus and removed \$57,515 and \$16,000 from water and sewer. They also say we keep the longevity pay the \$25,000 to use as bonus around Christmas. Mayor Rey says we place this \$73,515 over in reflective fund balance while we are doing compression study. This way we will have a little cushion to do an increase. Alderwoman Sutherland says in that compression study in section 5 of probation period employees may be considered for increase one step in salary.

She says that the salary study that was done The Mercer Group said the employee need to be brought up to recommended salary within a year. She says that if they were supposed to be getting 2.5% that they should have been getting that instead of higher percentages. Mr. Wilkinson says that compression study will not look at individual increases and if the PAF is filled out correctly then it should state why they got these increases. Alderwoman Sutherland says there are some citizens who are concerned that senior center is not receiving the funds that they are supposed to have and the board says that federal grants dollars that is supposed to go to senior center should be separated. Mr. Watson says that on first page at bottom the Mid Carolina COG are the ones sending money. Mrs. Perry has asked if she can see how federal dollars are being spent by recreation center. Mr. Wilkinson says the chamber is moved to page 37 under economic development. The chamber is under this fund. The money in this fund is for the economic development contract. The \$35,000 is for the contract with chamber of Spring Lake. Mayor Rey says he was approached by someone with Cumberland County asking if we would consider having a seat on their board. He says it will cost us about \$35,000 for this to happen. He says in the past Spring Lake has been left out of decision made by Cumberland County board. Mayor Pro Tem O'Garra says he would like for us to stay where we are with our chamber here in Spring Lake. Alderwoman Sutherland says he thinks it should go back to the way it was originally with EDC under the Chambers of Spring Lake and she says she has not seen any significant changes we made in last five years. Alderman Christian says he would like to see this EDC contract discontinued as well because we have not gotten any accurate reports and we have not gotten any quarterly financial reports which are required by contract and we only gotten two quarterly financial reports so far he says he is not happy with way the money is being spent. He says previous years before we have not gotten any quarterly financial reports. He says that he has asked for them in past but Mr. Metcalf told him he did not have them. Alderman Christian said the EDC had meeting with them and in meeting they question what are we doing for them and they said that we as a town have done nothing for them. He says the contract has not

been filled according to terms by them anyway. So he says this is why he thinks we need to discontinue our business with them. He says he has been accused of not supporting the chambers and he said he has supported chambers with his own money. Mayor Rey says the question is do we stay with current situation we have now with chambers or do we go with things being suggested such as joining with Cumberland County. The board allows Dr. Aziz to speak and she says that in the past when we give them our money we get nothing for it. She says do not go to county because so far all of the money we have given them in past we have to beg for our money back. Mrs. Perry speaks next and said Chamber is separate from EDC. Dr. Aziz says we should not give control of our EDC over to the county. Mayor Rey says that the alliance are one of the entities that we need to have someone placed on their board so we can have more say so to what happens for our city. He says we will just add that money to our funds while we decide what to do and it will bring us to \$108,515.00 in that fund.

Mr. Watson says storm water and sewer fund we have two different charges the residential and commercial charge. On commercial side we have the ERU funds we will be buying a red truck because the one they have is not working properly. It is listed under capital where there is \$215,000 and it was ordered last year. It should be coming any day now. This truck has additional back pack. It is going to be financed and payment come due next fiscal year. Because it takes a long time to get this type of truck built and it will be done after July 1, 2015. So the \$215,000 will be used for a pickup up truck and knuckle boon truck storm water department. This fund will cover buying three new police cars for police department and one fire command vehicle SUV for fire department. We will be able to purchase material for buildings and grounds and new roof for police and fire department. We reduced it to two police cars instead. Mayor Rey says the last thing he wants to put before the board is, and this might not happen this budget cycle, to start looking at our energy cost for future dealing with consumption and production and what that cost will be and what it would like take to light our own buildings in the future instead paying Duke Energy. He says we need to find out what opportunities are out there for our city. He says by having people only working on Friday to 12pm to save energy is kind of outdated thinking. The Board needs to take a look at what Fort Bragg is doing in conserving and providing these services for their area and they are using solar power panels to provide energy for their area. He says if we could come with some ideas as to how to provide our own energy this could be some additional revenue for us in future.

Mr. Wilkinson asked the board if it was possible if his administrative assistant could go from part-time to fulltime. He says it is currently not included in this budget but it would only cost an additional \$13,000 for this to happen. He asks if the Board would consider this. Alderwoman Sutherland says can we add it to budget and Mr. Wilkinson says yes they can. Mrs. Sutherland say to go forward because we keep working our admin like fulltime and we should have made this position full time long ago. Mayor Rey says he would like to see that happen also and he agrees that it is lot of work for a part time person and he would like to see it happen also. The Board agreed to make the Administration Department's Office Assistant position a full time position.

**Action:** The Board approved a motion to make personnel fulltime and purchase all items requested in budget.

**Motion by:** Alderwoman Sutherland

**Second by:** Mayor Pro Tem O'Garra

**Vote:** Unanimous

**b. Discussion, July 4<sup>th</sup> Festival**

Alderman Christian asks what the total cost of the July 4th festival is. This is the festival that was hosted by the Spring Lake Chamber last year. Mr. Wilkinson says the total cost to perform this festival would be \$11,600. Alderwoman Sutherland says they have to include the pay in budget also. The employees who will

be working during this festival have to be paid according by law. She says you have to pay the employees holiday pay if they are going to be working on that day. Mayor Rey states he thought it was going to be half of that cost. Mr. Wilkinson said at one time he thought it would be less than that too and when they started looking at different bands and attending crowd control and everything it came up to \$11,600.

Mayor Pro Tem O'Garra says he really wants to get with Mr. Wilkinson on that price because had the price down to about \$10,000. He says everything over \$5000 he was going to have donations pay for it. He says he was only going to have the Town pay only \$5000. He says anything over \$5000 he says is on him. Alderwoman Sutherland says we still do not know how much we have to pay the employees. She says you do not know who utilizes it and Mr. Wilkinson says he does not know that. Mayor Rey says can we cap it where the \$5000 includes the employees being paid and Mr. Wilkinson said we could do that. Mayor Rey says it this way: "the Town does not pay out no more than \$5000 for this event". He says that includes additional overage. That means you need to raise additional funds. Alderman Christian says how does one raise that kind of funds in such a short distance of time. He says 4<sup>th</sup> of July is three weeks away. Mr. Wilkinson says realistically if the bands have been contacted or contracted to come they would be looking for \$2500 down payment right away and the Town would have to start writing checks if we are going to support this prior to any contributions coming in. We would have to realistically write checks in excess of \$5000 at some point. He says and hopefully contribution would come in and bring the total town expenses to only \$5000. Alderwoman Sutherland asked if we have intent letters stating we are going to get the difference of money since you stated it would cost \$11,600 do we have anything in writing stating that they will give us the money and Mr. Wilkinson said he has not received such letter. Mayor Rey asks Mayor Pro Tem O'Garra have we raised anything. Mayor Pro Tem says we have about ten vendors who can donate and he says he can give out \$2,500 he thinks it was for the tents and he says he can send those checks out tomorrow. Mayor Rey says if it is going to be the Town of Spring Lake event to protect all folks involved the proper thing to do is have the checks come through the Town. He says the issue is we only allotted to budget for \$5000. It puts us in a position where we might have to spend more than that especially if we do not get the additional \$6600 which he says would be a little bit more because we have to include the pay we have to give to employees working on that holiday. So he said we just round it up to about \$12,000. Mr. Wilkinson tells Mayor Rey we need \$7000 in contributions. Alderman Christian says without a guarantee from others that they will pay the additional amount we would as a town be required to pay this additional \$7000. He says Fayetteville faced this problem with Festival of Flight some years ago where vendors that were not paid by Board of Directors who ran the Festival of Flight. He says the board of directors paid themselves first and then it can be checked at Fayetteville Observer it all true he not pulling this out of hat or nothing. The Festival of Flight went into debt and because it was sponsored by Fayetteville they were on the hook for paying these people and they took a lost because of that. He says he does not want the Town of Spring Lake to be on hook saying we are going to cap it \$5000 and then we are putting our name on festival which he believes make us required and he ask is that wrong. He ask Mr. Buzzard would we be obligated. Mr. Buzzard says not necessarily it all depends if we have a contract with them or if they have one with us. Alderman Christian said that would be bad publicity. Mayor Pro Tem O'Garra says there is a game on tonight if he was to walk in here tomorrow morning with a cashier's check made out to Town of Spring Lake for \$10,000 would that put an end to all of this. Mr. Buzzard responded that the money would have to be spelled out in the contract that the Town of Spring Lake would only give \$5,000 to the event.

Alderman Sutherland says we have to take the Town name off of it. Mayor Rey says that would be a donation or contribution to the Town. Mayor Pro Tem O'Garra says it would be a way to verify the town is not going to lose any money. Alderman Christian says it has to go into escrow account. The board says it all has to be accounted for especially using the Town name. Mayor Rey says when all bills come in they should be separated. The bills that come in will be taken out of that escrow account. Alderman Christian says he does not want to come back and say that this was a loan. Alderman Christian asks any left over money what happens to it. Alderman Sutherland say that is when you get a contract, right. Mayor Rey says along with

contract and this being recorded it should be good. The board all agrees along with Mr. Buzzard we need a contract. Mayor Rey asks Mayor Pro Tem O'Garra if he could get an agreement drawn up which he believes will suffice to the board that they will not lose any money from this event and hopefully additional fees will be raised so that whatever is left over minus \$5000 from Town of Spring Lake. Alderwoman ask Mr. Wilkinson can he find out how much they would have to pay their employees who would work on this holiday. She says you said it is going to be about \$11,000 and we do not have a true figure. Alderwoman Sutherland says she is saying no because it is last minute and employees have not had enough time to plan for working on this holiday and this will make employees work on the holiday. She says that is just her and she is out of it because of these reasons. Alderman Christians say he cannot give his support at the moment until he sees something legally in writing from the Town attorney. He says he does not want the town to be liable. He says he knows this will not make people happy but he says it is responsible thing to do to protect the town. He says this is a festival we are putting together on short notice and he questioned whether we can get the money and arrangements ready in time. Alderwoman Sutherland said she has heard from some employees that say they are not working this holiday because they do not think it is fair. Dr. Aziz says they profited from the celebration last year and gave the Town a good name through the chamber and it was a success last year and they did not take a loss. The board has given a consensus for this motion to go forward. Alderwoman Sutherland says we need a total amount what we have to pay our employees. Mayor Rey said it should be included in that \$5000 we discussed.

**Action:** The Board's consensus was to continue to move forward provided we get an agreement with the stated provisions.

**c. Discussion, Vacant Board of Aldermen Position**

**Action:** The Board approved a motion to revisit filling the seat in at July 13, 2015 meeting.

**Motion by:** Alderwoman Lucas

**Second by:** Mayor Pro Tem O'Garra

**Vote:** Unanimous

**5. Adjournment**

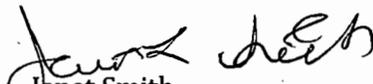
**Action:** There being no further business to come before the Board, the meeting was adjourned at 9:31p.m.

**Motion:** Alderman Christian

**Second by:** Mayor Pro Tem O'Garra

**Vote:** Unanimous



  
Janet Smith  
Office Assistant

ATTEST:

  
Chris V. Rey  
Mayor