

Minutes Regular Monthly Meeting May 9, 2016 7:30 PM

Mayor Horace Reid called the meeting to order. Commissioners present were Mayor Pro Tem Lillian Holman, Commissioners Ed Lane, Archie Aples, and Sid Eley. Others present were Town Manager Brandon Shoaf, Town Clerk Cindy Sharber, Pam Hurdle, Dave Goss, Kenny Lynch, and Tony Riddick.

Mayor Reid led the Pledge of Allegiance and offered a moment of silent prayer.

Motion by Sid Eley and seconded by Archie Aples, and passed 5-0 to approve the minutes of the regular meeting on April 11, 2016 and the Special Called meeting on April 15, 2016 as presented.

Scheduled Business Appointments

Dave Goss, Perquimans County Economic Developer, came before the board to discuss what would be needed to increase tourist and visitors into downtown Hertford. He said the 2 towns and the county needed to pull resources for at least a part time person to run social media and implement a downtown plan. Dave Goss said he thought the county was putting in \$10,000 and he suggested that the towns each put in \$5,000. Sid Eley said the Chamber had offered the space a staff person may need. Lillian Holman asked about equipment needs. Dave Goss said a lap top computer and phone would be the main equipment needs.

Administrative Concerns

Ed Lane said the cemetery looked good for Mother's Day and he had talked to some people from Chesapeake at the marina checking out the information at the kiosk.

Archie Aples said a lot of people hang out at Missing Mill Park and he felt the town needed to paint the picnic shelter a bright cheerful color and make it more presentable. He felt the basketball courts across the street from the park needed lighting and fix up the courts. He said he would like for the town to do something with the building at the park that HHI uses for storage. Brandon Shoaf said that the basketball court property belonged to the County and those requests would have to be presented to them.

Ed Lane asked about spraying the phragmites. Brandon Shoaf advised the contracted company would be applying the 3rd application soon if they had not already.

Sid Eley said that trees needed to be planted to replace trees that died in the memorial tree park and the memorial markers replaced. He also thanked all that helped with the cyclist coming through town. He said we had about 500 people come through town. He said 2 buses would be coming into town on May 19th.

Citizen Concerns

There were none.

Continued Business

Brandon Shoaf said the hand held was back up and running and the contractor would be installing load management switches tomorrow.

Brandon Shoaf said the fireworks information was in the paper and he had been receiving donations but at this point we are still about \$1,000 short. He did receive the contract back from the company that will be providing the fireworks show.

Archie Aples asked Brandon Shoaf if he had been approached about all day events before the fireworks show. Brandon Shoaf said he had been approached by Venora Brothers about having a parade. Archie Aples said the American Legion is discussing serving hamburgers and hot dogs after the parade ends.

New Business

Brandon Shoaf shared some possible changes that could be made to the town's current animal ordinance.

Brandon Shoaf presented the draft budget message for fiscal year 2016-2017 as follows:

On behalf of the Town of Hertford Board of Commissioners, I am pleased to present the FY 2016-2017 Budget. This budget is a continuation of the Board's commitment to maintaining the municipal services that the citizens, businesses and customers enjoy as well as continuing the commitment to maintaining the infrastructure to allow for long-term growth even in the wake of a tax revaluation that reduced the property values in the Town by an average of 25%.

For years the Town has not seen significant growth. The 2000 census was 2,070 and the 2010 Census is 2,143. Hertford's growth rate over the last 25 years was only 10.4%. From 2000 to 2010 the growth rate was only 3.53% when the State grew by 18.5% and the County by 18.3%.

The slow economy has put a halt to most major development plans and this may continue into the future. If Hertford will return to a pre-2008 growth potential is hard to predict but it is safe to say that the FY 2016 – 2017 budget reflects a very conservative approach to the projected revenues the Town will realize for its General Fund, as well as Enterprise Funds functions.

The goal for the proposed budget for Fiscal Year 2016-2017 was revenue neutral. During the budget process, capital needs outweighed that initial goal and a tax rate adjustment of 11 cents, per \$100 of value is what comprises the Ad Valorem project that management has proposed to the Mayor and Town Council.

This year's expenses will be impacted by several key factors:

- *The budget includes a 1% to the General Fund. This excludes a large chunk of Fund Balance is set aside to start a process of acquiring a large capital purchase for the Fire Department. This General Fund proposal is not solely tied to an economy that has been slow locally, but is also inclusive of the Council's desire to make the Tax Revaluation as fair to our Citizens and Businesses as possible, but allow for growth.*
- *\$100,000 is earmarked, from Fund Balance, in the FY'16-'17 budget for ½ of a \$200,000 down payment for a ladder truck for the Hertford Volunteer Fire Department.*
- *A 3% COLA raise for every town employee, the first since 2013.*
- *The Town will keep its Public Works staff at the same level for the coming year, but have been approved to have an additional inmate laborer for FY '16-'17. The increase in manpower will cost \$1 per day worked.*
- *Health insurance costs from the new Cigna Self-Funded plan are projected to have a net decrease by almost 1% in the next fiscal year. This will be achieved by a surplus that is set aside in our Employer Pool side of the self-funded plan. There is a sizable more amount of time consumed by staff here and our broker to fulfill the requirements of the ACA on plans such as this, but projections for costs, like we have for next year, make it well worth it.*
- *The Town's contribution to the State's retirement system remained stable.*
- *The Town's Property & Liability and Worker's Comp increased this year, by a little less than 9% due to stable P and L claims, but with some minor, but long standing w/c claims.*
- *The Town staff continue to make strides in technology utilization. This budget does include cost associated with continued hardware upgrades and associated costs with a more modern office.*
- *The Police Department's budget includes the lease/ purchase of 3 new patrol vehicles, a Ford Fusion and 2 Ford Explorers. This is the first purchase of new vehicles within the department in 5 years.*
- *Several Public Works Departmental budgets share the cost of a mini excavator, in the 8,000 lb class. This piece of equipment is part of the newly created Capital Improvement Plan that was a part of the Electric Rate Study conducted in FY '14-'15 and '15-'16.*
- *The water and sewer funds are healthy for this coming budget year due to very conservative budgeting, but management notes that a rate study should be considered in the near future, similar to the exercise within the Electric Fund last year, in hopes of getting a better handle on what it would take, strategically, to grow that fund. Last year Hertford and Winfall reached a settlement agreement in the disputed amount owed for the construction of the sewer plant that included the capacity to treat Winfall's waste water. Fiscal Year 2016-2017 was the first full year of Winfall's repayment to for that settlement, a plan that includes no interest.*
- *The electric fund will not have any further adjustments in rates at this time. A brand new Electric Rate Schedule is set to go into effect with the adoption of the 2016-2017 budget to offer an incentive to new businesses within the Town limits.*

GENERAL FUND

The revenues for the General Fund will increase by \$115,222 or 7.4%, but 87% of that increase is a fund balance appropriation of \$100,000 for a down payment on a ladder truck. State collected revenues; is projected to be \$7,188 more than last year, or 1.3%.. The value of Town property decreased, from \$149,784,709 to \$118,318,389 after the first tax revaluation since 2008. The collection rate for property excluding vehicles is projected at 92.33%, but is up because of the "Tax and Tag" program for Motor

Vehicles, which alone is at 95%. The Ad Valorem tax rate proposed in this budget is \$0.46/ \$100 of valuation.

The Police Department budget increased by \$22,904 or 3.6%. The Fire Department budget is \$78,946 or almost 62% higher than last year, which is directly related to the fund balance appropriation for a ladder truck. The Street Department budget has increased by \$1,200. This is a very big deal since the salary allocations for the Public Works staff was adjusted to help save money in the Water and Sewer Fund and the Street Department budget reflected a lot of that change. The Sanitation Department will see a CPI of 1% increase because of a contract with Waste Industries for curbside collection which raised the per cart cost to \$9.61. The DMV Department budget remains basically unchanged except for an increase to the salary line item, which has increased all departmental budgets. The Cemetery Department contract expense is projected to be the same at \$25,5000. The Planning Department budget increased, only because of the increase to the COLA for all staff.

Because of the movement of salary allocations and a reduction of charges to the Water and Sewer Funds going forward through this fiscal year, and the funds set aside for the purchase of a ladder truck, the General Fund Expenditures will be balanced with an appropriation of \$100,000 from Fund Balance. Staff should also expect to have the full cost of their medical benefit paid again in this fiscal year, in large part to a small reduction in the premium the Town is charged by their provider, Cigna.

WATER & SEWER FUND

The revenues in the Water and Sewer Fund for FY '16 – '17 are projected to be higher by \$25,046 or 1.9 %. The increase is due to a projection of tap and capacity fees that will be realized from the permitting and start of construction of the new Perquimans County Library but, takes into account conservation and little to no residential growth. Charges to Winfall for sewer treatment are also projected to stay conservative because of inflow and infiltration work that has been completed on their system, and includes no increase in billing to Winfall. The Town of Hertford and the Town Winfall have reached a settlement, as noted earlier in this message, which is also factored into their monthly charges. This budget proposal shifts some expenses back to the General Fund though, to balance a fund that needs attention in the way of rate study and possible debt restricting. I would ask you to keep in mind those two factors in this budget and future ones. I am confident that staff will continue to look for ways to save when possible as they have year after year.

ELECTRIC FUND

The revenues from sales of electricity in the Electric Fund for FY '16 – '17 are projected to remain the same, but the actual cost of that will be much lower. The retail rates were adjusted in late fall of last year to pass along savings to our end customers, they the utility will receive following the sale of the generation assets of the NCEMPA. Part of that sale agreement included Duke Progress Energy also purchasing the majority of the debt, owed by the NCEMPA membership, on those same generation assets.

In the fall the Council adopted a rate schedule that reduced all electric bills within the Town of Hertford's service area by at least 7%. There are, however capital needs that are in the electric budget for this year and the years to come, as part of a newly form Capital Improvement Plan that was part of the work of the rate study conducted by an outside consultant after the wholesale power cost reduction earlier in the fiscal year. Recently NCEMPA recommended to the Electricities Board, to hold the wholesale rates steady until 2021, which was unanimously supported and passed.

SUMMARY

This budget is the culmination of our efforts to balance the cost of government and services during economically challenging times, all while being mindful and fair of our citizens' adjustments to new tax rates. Due to conservative fiscal decisions for numerous years, it appears the Town is in a position to continue its commitment to its employees and citizens. As always, I have the utmost confidence in my staff that we will continue to provide a level of service not seen in other small towns.

All in all, I believe this budget meets the challenge of this economy and places the Town in the best position possible and continue to build and grow where practical and keep the Town's fund healthy and at a level that also meets our financial commitments. Last year was extremely exciting, in one that saw the first electric rate decrease since the early 1980's, if not before and one that saw many capital goals realized. I am also extremely proud of the Town Staff and all their efforts throughout the year as well as in this budget process. Without them you, nor I, could not do what we do for our citizens and customers, day in and day out.

Sid Eley proposed that they raise the tax rate by another \$.01 and put that into contingency. Sid said the ice plant windows need replacing among other repairs.

Brandon Shoaf said 10 windows would cost \$8,000 to replace and that's not the whole building.

Archie Aples felt if we are adjusting the tax rate we need to show the citizens what we are doing with the increase.

Ed Lane had asked about the bathroom doors at Missing Mill Park being open. Brandon Shoaf said new doors have been ordered.

Brandon Shoaf said instead of the excess going into contingency he would add the excess to existing line items for building repairs.

Sid Eley said this side of the sign at Missing Mill Park is in need of repair.

With the request being made to adjust the budget Brandon Shoaf didn't go over the draft budget ordinance for 2016-2017.

Motion by Sid Eley and seconded by Ed Lane, and passed 5-0 to approve the street closure request as presented for the Indian Summer Festival 2016 to be held September 9th and 10th.

Brandon Shoaf shared that the dilapidated house at the end of Perquimans Street will be demolished by the property owner and that CAMA had issued a permit to do so.

Mayor Reid presented the ABC report showing an increase of 12.04% over last April.

Motion by Lillian Holman and seconded by Archie Aples, and passed 5-0 to adjourn the meeting.