



MAY 21, 2013, CITY COUNCIL MINUTES SPECIAL MEETING BUDGET WORKSHOP

The City Council of the City of Clinton, North Carolina, met in a special budget workshop at 6:00 PM on May 21, 2013, in the City Hall Training Room. Mayor Starling presided. Councilmembers Strickland, Turlington, Becton, and Mayor Pro Tem Harris were present. Councilmember Stefanovich was absent.

Also present were City Manager Connet; Assistant City Manager – Finance Director Shawn Purvis; Police Chief Jay Tilley; Fire Chief Adon Snyder; Human Resource Manager Lisa Carter; Public Works Director Jeff Vreugdenhil; Planning and Zoning Director Mary Rose; Recreation Director Jonathan Allen; City Clerk Elaine F. Hunt; and Kristin Stafford, Accounting Operations Manager.

Melvin Henderson, of the Sampson Weekly, and Chris Berendt were also present.

Ursula Carpenter, Intern for the summer, was also present.

City Clerk Hunt blessed the meal.

Mayor Starling called the budget workshop to order.

BRANDING—CITY OF CLINTON

City Manager Connet stated that after the last budget workshop held on May 14, 2013, it was obvious that City Council was uncomfortable with contributing \$64,000 to a branding initiative. He mentioned options that he believed would be suitable to City Council. He stated Option 1 would be to delay this endeavor altogether; however, the Downtown Committee would proceed. He stated Option 2 would be to create the logo, possibly the art piece, implementation, strategy, and some research. He stated to delay the recruiting and marketing analysis.

Ms. Mary Rose stated that she desires that the City and the Downtown Committee's brands be similar and complementary of each other. However, Ms. Rose said that the Downtown Committee will move forward regardless to what the City decides. Mr. Connet stated that by only creating the logo, implementing, and

some research, the cost would be approximately \$18,000 which would be taken from the following line items: \$4,000 from Water & Sewer; \$4,000 from General Fund; and \$10,000 from Downtown Projects.

It was the consensus of City Council to continue the consideration of proposals for the City of Clinton's branding initiative until the June 4, 2013, city council meeting at 7:00 PM in the City Hall Auditorium.

SIDEWALKS -- COST

City Council requested that this item be put on this agenda initiated by Mayor Pro Tem Harris' concern regarding no sidewalks on Barden Street.

Public Works Director Jeff Vreugdenhil showed a PowerPoint using the Connect-GIS software. He stated that although there are sidewalks at the All America Park, there are no sidewalks from Sampson Street to Barden Street. He proposed a sidewalk project which would include a crosswalk at the southern end of the walking track at Sampson Center. The project proposed by Mr. Vreugdenhil would cover approximately 1700 feet and cost approximately \$43,000. The question was asked if there is grant money for city streets and Mr. Vreugdenhil replied that there is not.

Mayor Starling questioned whether a bond can be run on sidewalks to assist with a project such as this. Councilmember Strickland asked who decides how big a bond should be and City Manager Connet stated that it needs to be large enough to pay for the process.

LONG RANGE FACILITY PLAN

City Manager Connet wanted to make a recommendation to City Council regarding the long range facility plan discussed at earlier meetings. He recommended that the City find money to renovate the Fire Department, build a Police Department on the existing property, and allocate funding for the Recreation Department. He further stated that if the City ever adds on to City Hall, the Planning Department should be as an addition.

Mayor Starling asked if the money for the abovementioned proposed long range facility plan recommendation could be included with the sidewalks proposal and a bond.

City Manager Connet asked if City Council wants staff to look into obtaining a bond. He stated that May 2014 will be the earliest that a bond referendum can occur. He stated that the school board election takes place May 2014.

REVIEW OF WATER AND SEWER FUND BUDGET

Assistant City Manager Purvis distributed a handout and presented a PowerPoint concerning the FY 2013-2014 Budget. He presented the Water and Sewer Fund Overview, Division Budgets, Fee Recommendations, Vitals, Cemetery Fund Overview, Downtown Fund Overview, other funds overview, and

key dates. (SEE ATTACHMENT #1) Mr. Purvis stated that twenty-four (24) employees are paid from the Water & Sewer Budget.

It was stated that sewer surcharge fees continue to rise and commercial and industrial sewer use is slightly up. Mr. Purvis stated that Smithfield Packing has increased its production. He stated that the total debt service is down due to the ending of the GO Bond. He stated that there are no more bonds on the books.

Mr. Purvis stated that we will have about \$7 million in projects this year which will include the Water Production expansion and the elevated water tank project. City Council was asked for permission to allow the Wooten Company to make an application for the City regarding an \$800,000+ project for a twenty (20) year period and they granted the request.

Mr. Purvis stated that water and sewer rates have not increased since 2010. He stated that when the Highway 24 Improvement Project expands, we will have to pay additional utilities. He proposed an increase in water and sewer fees as follows:

Water base fee to increase from \$12.00 to \$12.19; and
Water usage to increase from \$1.80 to \$1.83; and
Sewer base fee to increase from \$12.50 to \$12.70; and
Sewer usage fee to increase from \$1.75 to \$1.78

Mr. Purvis presented to City Council examples of these proposed changes as it relates to individual or couple households, larger households, households of 4, and large industries. (SEE ATTACHMENT #1).

Mr. Purvis presented the Cemetery Fund Overview which included a proposed fee increase to \$600. He stated that this increase will add \$15K to the operating revenues and approximately \$405K in savings for future expansion.

Councilmember Becton voiced his concerns regarding the proposed increase. He stated that if the City increases its cemetery fees, the City needs to provide better maintenance and service.

After a brief discussion regarding this proposed increase, it was the consensus of Mayor Starling and the City Council to increase the cemetery fee from \$300.00 to \$450.00.

Mr. Purvis presented the Downtown Fund Overview which included a proposed \$10k for branding and an estimated fund balance of \$81K at June 30, 2013. Also, he presented non-major funds overview which included Community Development – residual revenue from revolving loan program and estimated reserves of \$90k once the house located at 115 West Lee Street is sold; and the Fire Special overview which consisted of funds raised through donations and fund drives. He informed City Council that the reserves are dwindling and presently, there is \$7k in this line item.

Before concluding, Mr. Purvis presented the following key dates:

Friday, May 31, 2013 - Proposed final budget submitted

Tuesday, June 4, 2013 - Manager's presentation and public hearing

Tuesday, June 18, 2013 - Adoption of FY2013-2014 Budget

RESOLUTIONS – FUND BALANCE & CAPITAL RESERVE POLICIES

Assistant City Manager Purvis presented the following two resolutions to City Council to review and recommended adoption at the June 4, 2013, city council meeting:

A RESOLUTION ESTABLISHING AN UNASSIGNED AVAILABLE FUND BALANCE POLICY FOR THE CITY OF CLINTON

WHEREAS, for the purpose of improving and maintaining fiscal responsibility as required under the Local Government Budget and Fiscal Control Act, NC General Statute Chapter 159, it is prudent to establish a clear policy defining the level of unassigned available fund balance and retained earnings to be held in reserve by the City; and

WHEREAS, the NC Local Government Commission is charged with overseeing the fiscal health of cities and counties and recommends a minimum unassigned fund balance reserve of no less than eight percent (8%) of expenditures; and

WHEREAS, it is necessary to maintain unassigned available fund balance reserves and retained earnings to provide appropriate cash flow for operation of city services, to address emergencies and unexpected opportunities, to increase the potential for investment income, and to enhance the city's credit rating to provide the city the ability to borrow at the lowest possible interest rate.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CLINTON, NORTH CAROLINA THAT:

Section 1. All revenue in excess of expenditures realized at the end of any given fiscal year for the general fund will be credited to unassigned available fund balance until a goal of between thirty-five percent and forty percent (35%-40%) is realized. It is further resolved the City will adjust this goal as appropriate based upon the recommendation from the NC Local Government Commission and the change in the City's financial outlook.

Section 2. Once the range of thirty-five percent and forty percent (35%-40%) goal is realized, all revenue in excess of expenditures realized at the end of any given fiscal year will be credited to assigned fund balance heretofore recommended by the City Manager and established by formal resolution of the City Council.

Section 3. All revenue in excess of expenses realized at the end of any given fiscal year for the water and sewer fund will be credited to unrestricted retained earnings until a goal of between forty-seven percent and fifty-three percent (47%-53%) is realized. It is further resolved the City will adjust this goal as appropriate based upon recommendation from the NC Local Government Commission and the change in the City's financial outlook.

Section 4. Once the range of forty-seven percent and fifty-three percent (47%-53%) goal is realized, all revenue in excess of expenses realized at the end of any given fiscal year will be credited to the water and sewer capital reserve fund heretofore recommended by the City Manager and established by formal resolution of the City Council.

Section 5. The City Manager is charged to annually monitor and report to City Council during the preparation of the annual operating budget regarding the status of available fund balance/retained earnings and compliance with the stated range goals of 35%-40% and 47%-53%.

Section 6. This Resolution shall become effective upon its adoption.

Section 7. This Resolution shall supersede the resolution adopted July 1, 2008.

**Resolution Authorizing
Establishment and Maintenance
of the Water and Sewer Capital
Reserve Fund**

WHEREAS, there is a need in the City of Clinton, North Carolina for continual improvements to the Larkin's Wastewater Treatment Plant and city utility line infrastructure, construction and relocation of infrastructure for the NC 24 expansion, construction of NC 24 industrial park infrastructure, and construction of an elevated water tank project; and

WHEREAS, the City must bear the cost of constructing and relocating infrastructure for the NC 24 expansion project, NC 24 industrial park infrastructure, and the elevated water tank at a total estimated cost of \$4,900,000; and

WHEREAS, the City must bear the cost to make continual improvements to the Larkin's Wastewater Treatment Plant and the utility line infrastructure.

NOW, THEREFORE, BE IT RESOLVED by the Clinton City Council that:

Section 1: The Clinton City Council hereby creates a Capital Reserve Fund for the purpose of constructing and relocating infrastructure for the NC 24 expansion project, NC 24 industrial park infrastructure, elevated water tank project, and continual improvements of the Larkin's Wastewater Treatment Plant and utility line infrastructure.

Section 2: This Fund will remain operational for a period not to exceed five years for the construction of the NC 24 industrial park infrastructure, relocation of NC 24 infrastructure, and construction of an elevated water tank beginning July 1, 2013, and ending June 30, 2018, or until a cumulative sum not to exceed \$5 million has been received.

Section 3: This Fund will remain operational indefinitely for the improvements to the Larkin's Wastewater Treatment Plant and utility line infrastructure beginning July 1, 2013.

Section 4: The Clinton City Council will appropriate or transfer the amount in excess of fifty-three percent (53%) of the water and sewer fund balance at the end of each fiscal year for the purposes of this resolution.

Section 5: This resolution shall become effective upon its adoption.

PUBLIC HEARING – FY2013-2014 BUDGET

Upon a motion made by Councilmember Strickland, seconded by Councilmember Becton, it passed unanimously to call the following public hearing for June 4, 2013, at 7:00 PM to adopt the FY2013-2014 Budget:

NOTICE OF BUDGET HEARING City of Clinton, NC

In accordance with N. C. General Statutes Chapter 159.12, the Clinton City Manager has submitted to the Clinton City Council the annual budget for fiscal year beginning July 1, 2013 and ending June 30, 2014.

A copy of the proposed budget is on file and available for public inspection in the City Clerk's Office at 221 Lisbon Street, Clinton, N. C.

A public hearing on the budget and subsequent ordinances will be held during a meeting of the City Council held at 7:00 PM on Tuesday, June 4, 2013, in the Clinton City Hall Auditorium.

At the public hearing, oral and written comments will be received from any interested citizens.

ADJOURNMENT

This Budget Workshop of May 21, 2013, adjourned at 7:44 PM.

Elaine F. Hunt, MMC, City Clerk

Luther D. Starling, Jr., Mayor