

June 1, 2015

A Special Meeting of Town Council was held on the above date at 6:00 pm at Town Hall, all requirements of the Freedom of Information Act having been satisfied.

Present were: Pat O'Neil, Mayor
Jerry Kaynard, Mayor Pro-Tem
Sarah Church, Councilmember
Chauncey Clark, Councilmember
Hartley Cooper, Councilmember
Susan Middaugh, Councilmember
Mary Jane Watson, Councilmember
Council-Elect: Mark Howard, Bachman Smith IV

Mayor O'Neil called the meeting to order at 6:00 pm and stated the press and public had been notified in accordance with State law. There were approximately ten residents and no members of the media in the audience. Mayor O'Neil stated the purpose of the meeting was to have Second Reading and Ratification of Ordinance No. 2015-03, An Ordinance to Adopt the Town Budget for July 1, 2015 – June 30, 2016; and Ordinance No. 2015-04, An Ordinance to Adopt the Water and Sewer Operating Budget for July 1, 2015 – June 30, 2016. Comptroller Blanton presented scenarios of different millage increases as an option to balance the Town budget (attachment 1). The expenses in these scenarios did not change from First Reading.

Councilmember Kaynard suggested taking an increase for CPI and population plus 2 percent for debt service for a total of 33.8 mills (31.8 mills operating and 2.0 mills for debt service), leaving a gap of \$174,000. The sale of property at 1610 Middle Street could be used as a revenue source, as it was agreed to sell it at some point.

Mayor O'Neil stated there is \$351K more in debt service to pay this year. It should be paid out of millage as much as possible. If the property values increase, the millage could possibly go down. Councilmember Church noted that in three years when the debt services goes down, the millage should stay the same to start funding for depreciation. Councilmember Watson suggested a 31.8 mills operating and 2.0 mills debt service budget. Mayor O'Neil suggested a 31.8 mills operating and 5.0 mills debt service budget, which would cost a property owner an additional \$120 a year on a \$1 million house.

The expense budgets of \$70K for Stith Park and \$100K for the Island Club improvements were discussed. There was consensus these two items should be considered as one Recreation item. Councilmember Watson noted that \$14,500 is in the current year's budget for the Park engineering study. The Park Foundation is paying for the remainder of the engineering study. The Park improvements in the FY2016 budget include landscaping, sidewalk, irrigation, sod, mulch; and based on the engineering study, controlling the run-off on the mound. Councilmember Church noted that other Towns spend 10-15% of their budget on recreation expenses. The Town's proposed budget is 4.4%.

Councilmember Kaynard stated the park improvements were included in the bond for the new Town Hall, and there is an obligation to spend these funds from the bond issue on the park. Mayor O'Neil stated to be considered for the future is the Town's general commitment to recreation; the structural integrity of the Island Club, and the current lease agreement with the Island Club. There was a difference of opinion as to what the total amount of that recreational budget should be, ranging from \$90K - \$170K. Councilmember Watson stated the park expenses (with exception of results of engineering study on mound) could be completed for \$60K. Mayor O'Neil suggested \$30K for the necessary safety repairs to the Island Club, bringing the total budget to \$90K. Councilmember Middaugh suggested \$100K; Councilmember Church suggested \$120K. The consensus of Council was to keep it at \$120K. Councilmember Kaynard was against it only because he wanted the budget to be the original amount of \$170K. Councilmember Cooper stated she was against it because she did not support the budget in general. The majority of Council wanted to eliminate the proposed traffic camera expense of \$20K.

Administrator Benke noted when discussing the use of reserve funds to balance the budget, to remember there are several issues that could cause the Town to spend reserve funds at any time – the Water & Sewer issues of the ditch as well as Poe Avenue; a storm; and other potential decisions made by Council, such as the transition zone of the Accreted Land Management Plan.

Councilmember Cooper stated that one of the main reasons she does not support the budget is because the financial planning outlook is only two feet in front of us.

Amy McFarlin of 1850 Flag Street, Wayne Stelljes of 3014 I'on Avenue, and Mark Howard of 1820 Central Avenue made public comments.

Motion was made by Councilmember Kaynard, seconded by Councilmember Watson, that Council amend the budget so the factors will be 31.8 mills operating, 2.0 debt service mills which would be 33.8 mills based on the schedule. The key factor number in the budget would be \$1,970,000 for operating budget and \$120,000 for the 2 mills for the debt service, and \$154,000 from reserves. The bottom line would still be \$4,956,704. This budget includes the elimination of the traffic camera of \$20,000. Motion failed by a vote of 4 (Councilmembers Church, Clark, Middaugh and O'Neil) to 2 (Councilmembers Kaynard and Watson); with Councilmember Cooper abstaining.

Motion was made by Mayor O'Neil, seconded by Councilmember Middaugh, to give Second Reading and Ratification to Ordinance No. 2015-03, An Ordinance to Adopt Budget for July 1, 2015 through June 30, 2016, with the following changes from First Reading: Reduce the Recreation (Stith Park/Island Club) budget by \$50K, and eliminate the traffic camera of \$20K; to have the amount equivalent to a 31.8 mills operating budget and the amount equal to a 5 mills debt service budget; carried by a vote of 4 (Councilmembers Church, Clark, Middaugh and O'Neil) to 3 (Councilmembers Cooper, Kaynard, and Watson).

Motion was made by Councilmember Kaynard, seconded by Councilmember Watson, to recommend to Council to consider awarding an annual holiday bonus in December of \$750 for each public safety first responder employee, and \$250 for regular Town employees, subject to the

availability of funding. These funds of approximately \$21K would come from unexpended personnel funds from positions that have not been filled, and it would not affect the budget. Councilmember Middaugh agreed to have the motion brought to Council for discussion, but states it should go to the new Administration Committee for review in the Fall. **Motion failed by a vote of 5 (Councilmembers Church, Clark, Cooper, Middaugh and O'Neil) to 2 (Councilmembers Kaynard and Watson).**

Motion was made by Councilmember Middaugh, seconded by Councilmember Clark, to approve Second Reading and Ratification of Ordinance No. 2015-04, An Ordinance to Adopt the Water and Sewer Operating Budget for Fiscal Year 2015-16, as presented at First Reading, carried by a vote of 6-1, with Councilmember Cooper casting the nay vote.

Motion was made by Councilmember Watson, seconded by Councilmember Clark, to adjourn at 7:33 pm, carried unanimously.

The regularly scheduled Council Workshop followed this Special Meeting.

Respectfully submitted,



Ellen Miller