

MINUTES
HILLSBOROUGH TOWN BOARD
BUDGET WORK SESSION – GENERAL FUND
May 29, 2007
7:30 PM, Town Barn

PRESENT: Mayor Tom Stevens, Commissioners Frances Dancy, Evelyn Lloyd, Michael Gering, and L. Eric Hallman.

ABSENT: Commission Brian Lowen, excused.

STAFF: Town Manager Eric Peterson, Town Clerk/Personnel Officer Donna Armbrister, Planning Director Margaret Hauth, Management Intern Shawn Purvis, and Police Chief Clarence Birkhead.

7:32:36 PM Mayor Tom Stevens called the meeting to order.

7:32:43 PM Town Manager Eric Peterson provided an update on Commissioner Brian Lowen, noting he was expected to undergo gallbladder surgery very soon.

7:33:56 PM Mayor Stevens stated tonight the Board would be discussing the General Fund budget. He asked Mr. Peterson to begin with a summary.

7:34:45 PM Mr. Peterson stated he would provide a review of the General Fund revenues, discuss the Balanced Scorecard, and then move on to departmental budgets.

7:35:51 PM Commissioner Dancy asked about the Town’s bond rating. Mr. Peterson said it was A+. He noted the State was AAA.

7:36:44 PM Commissioner Hallman asked did that rating affect the interest rate the Town received when they did Lease Purchase agreements. Mr. Peterson said the interest rates were set by the individual lending institutions.

7:37:42 PM Commissioner Hallman said if they made an investment in raising that bond rating, would it help with the Lease Purchase items planned over the next few years. Mr. Peterson responded not in a significant way.

7:39:26 PM Mr. Peterson began his presentation, stating that Revenues were noted on pages 17 and 18. He said he believed they would come in ahead of what was projected for revenues, noting they were having a better than expected year.

Mr. Peterson stated the Scorecard information began on page 50.

7:41:40 PM Commissioner Gering said on page 68 regarding the Planning Department, he asked if they expected to begin attending the TAC meetings. Ms. Hauth responded not the TAC, but the TCC meetings at the staff level.

7:43:52 PM Mr. Peterson stated that the Governing Body began on page 89, and Administration began on page 93.

7:44:36 PM Commissioner Gering asked about ASCAP (American Society of Composers, Authors, and Publishers). Ms. Armbrister explained why those expenses were necessary, noting the fees covered background music in buildings or on telephones, at employee functions, and at any Town fairs or functions such as Last Fridays. She noted that all government agencies were being advised to enter into such agreements.

7:48:31 PM Mr. Peterson suggested that if there was disagreement about that expense, perhaps it could be added as an agenda item at an upcoming meeting and Town Attorney Bob Hornik could address it, or, he could ask Mr. Hornik to write a memorandum to the Board explaining his position.

Commissioner Gering said he would like to place this item on the agenda for discussion. Mr. Peterson said he would have it added to the July agenda.

7:50:14 PM Commissioner Hallman said it had been mentioned at the workshop about getting email addresses for all Town Board members. Ms. Hauth said that was added as part of the budget under computer expenses.

7:50:44 PM Commissioner Hallman asked about contract services noted with a question mark, and asked if that was a placeholder. Mr. Peterson stated that was BMI expenses, which was related to the ASCAP.

7:51:01 PM Mr. Peterson stated that he and Commissioner Hallman had met with a group called Southern Energy Management, and received an estimate of \$7,100 from them to do a walk-through energy audit on most Town facilities and identify things that should be done to conserve energy. He said a follow-up priority list of how the Town should be spending its money was another \$3,500-\$6,000, and there was a recommendation that some dollar figure, such as \$25,000, be reserved to follow through with recommendations on the priority list. Mr. Peterson said he recommended doing the walk-through, having the priority list prepared, and reserving some funds in the Administration budget to implement some of the recommendations.

7:54:02 PM Commissioner Hallman asked was Mr. Peterson proposing \$25,000 for implementation of some of the recommendations. Mr. Peterson said yes, it would be a placeholder figure, and before it was spent he would approach the Board to get their approval.

Mr. Peterson said he was recommending a 2% increase in cost-of-living allowances (COLA), as well as a minor change in the merit system to reward higher performing employees.

7:54:52 PM Commissioner Hallman and Commissioner Lloyd said they believed the change was a good compromise.

7:55:14 PM Commissioner Dancy stated she was supportive of that as well.

7:55:33 PM Mr. Peterson stated if the Board was in support of his proposal, he would come back in June with an amendment to the Town Code to implement the merit pay structure changes. He said there would be some cost savings as a result of that, because of the lowering of raises on the bottom end of the scale. Mr. Peterson said if there was support, the COLA could be increased to 2.25% and it still would not have any impact on the budget because of the change to the merit system.

7:56:34 PM Commissioner Gering asked if Mr. Peterson knew what the projected cost-of-living increases might be. Mr. Peterson said they were listed on page 99, with the information coming from a survey conducted by the NC League of Municipalities. He said the average was 2.5%, but some estimates went as high as 3.5%. Mr. Peterson said the average COLA recommended for municipalities in North Carolina was at 2.75%, with municipalities in Hillsborough's population range recommended at 2.8%. He said the Town was a little low on the COLA, but a little higher on the merit side.

7:58:01 PM Mr. Peterson stated that Finance began on page 103, and Planning on page 107. He said the new Senior Planner was expected to begin on August 1.

7:59:31 PM Commissioner Gering said regarding the Strategic Growth Plan, Phase 2, where was the part of the plan to deal with the interior of the corporate limits. Ms. Hauth noted that was the next thing they planned to start. She said the land use data program needed to be developed, and an intern would be starting tomorrow that would be assigned that project.

Ms. Hauth called attention to the possible changes to the Fee Schedule, noting she had provided a brief calendar of where projects were in the process. She noted only one fee was recommended for change by the consultant, which she strongly recommended against, for a Certificate of Appropriateness from the Historic District Commission. Ms. Hauth said the fee was \$10, and of course it cost much more than that but it was still very much a public awareness issue. She said if a large fee was charged, she believed the Town would begin to see non-compliance.

8:04:45 PM Ms. Hauth noted the estimated revenues from zoning permits was holding steady, with no change reflected.

8:05:18 PM Mr. Peterson said he had not made any changes to the revenue projections based on increasing the fees. He said if the Town Board decided to adjust the fee schedule, they would incorporate that into the budget ordinance to be considered.

8:06:15 PM Mr. Peterson noted that Parks and Recreation began on page 123.

8:06:46 PM Commissioner Gering said he was curious about the \$500 for maintenance for the small parks each year. He asked if that was enough. Mr. Peterson said they did not know at this time, so that figure was a placeholder.

8:08:05 PM Commissioner Gering said he believed the costs would be much more than that. Mr. Peterson agreed, noting they would not neglect the parks in any case. He said the figure for

Kings Highway Park should probably be increased to about \$2,500. Commissioner Gering asked that some effort be made to determine the true cost of maintenance of the small parks so that more accurate budget figures could be projected.

Mayor Stevens asked if the expenses were for non-personnel for the parks. Mr. Peterson replied yes, that personnel expenses were noted elsewhere.

8:09:37 PM Mayor Stevens agreed that expenses for small park maintenance needed to be increased in order to be more realistic. Ms. Hauth noted that the maintenance costs did not include mowing; rather it was equipment maintenance, mulch, and landscaping.

8:10:36 PM Mr. Peterson said he would look more closely at park maintenance items and adjust the figures to be more realistic.

Mr. Peterson said he had no idea what Orange County would request for maintenance of Fairview Park, so he had put a placeholder of \$10,000 in the budget.

8:12:04 PM Commissioner Hallman asked about the \$60,000 contingency for Riverwalk-Phase 1 debt. Mr. Peterson said the \$60,000 was the actual debt service payment, not contingency.

Ms. Hauth noted that the offer to purchase the land had been accepted by the property owner and she would do everything possible to close it by the end of this fiscal year.

8:13:01 PM Commissioner Lloyd asked which purchase was that. Ms. Hauth said it was the land discussed in Closed Session for which the Board had authorized the funds.

8:13:24 PM Mr. Peterson stated that Ruffin Roulhac was located on page 129, and the Motor Pool on page 133. He noted some office reassignment of staff to free up space for the Budget Analyst, the Fire Marshal, and the Safety and Risk Management Officer on the same floor as well as a small conference room and some storage space.

8:15:32 PM Commissioner Gering asked when the Town Board would receive its new email accounts. Ms. Hauth responded the fees were included in contract services. Commissioner Gering asked what the time frame might be. Ms. Hauth responded they could be added as soon as the budget was approved.

8:16:35 PM Mr. Peterson said regarding the Motor Pool, a new pick-up truck would replace an older truck which would be used as a back-up vehicle. He said the first debt payment of \$160,000 for the Motor Pool was expected in FY 08.

8:18:26 PM Commissioner Hallman noted that the number of miles driven had decreased significantly. Mr. Peterson said there had been a significant drop within the Police Department.

8:18:57 PM Police Chief Clarence Birkhead said a number of factors were the cause of that decrease, but not one specific thing. He said they had made a conscious effort to reduce gas

consumption. Mr. Peterson said it was a significant reduction, and they would check to make sure there were no recordkeeping errors.

8:20:00 PM Mr. Peterson noted the Police budget began on page 145. He stated that when reviewing the request for administrative personnel, he acknowledged that there was a need for an additional administrative position, but he was not convinced that an Assistant Accreditation Manager was the best use of funds. Mr. Peterson said the Chief had indicated that with Captain Jacobs' retirement coming up shortly there was an opportunity for reorganization which may yield some salary savings. He said if enough savings were generated to pay for a position that was a good use of funds, then he would support adding an administrative position.

8:22:38 PM Commissioner Lloyd asked how many detectives were on staff. Mr. Peterson responded that the number of personnel in each division was noted on the bottom of the page for that division.

8:23:35 PM Commissioner Lloyd said it would be helpful to have a list of each officer's name, their call number, and what division they were in. Mr. Peterson requested that Chief Birkhead supply that information to the Town Board.

8:26:17 PM Mr. Peterson noted that the Criminal Investigations Division was on page 167, and Community Policing was on page 173. He noted that \$10,000 had been requested for the purchase of tables, chairs, and an overhead projector for the Fairview Community Policing station, and if the Board did not object he would include that in the budget.

8:27:28 PM Commissioner Gering said he had no objection.

8:27:42 PM Commissioner Dancy asked if some of the COP programs noted on page 173 were mandated through grant funding. Chief Birkhead said they had not cut any programs, although they had experienced some drop-off in attendance.

8:29:40 PM Mr. Peterson stated that Fire Inspections began on page 177, and Fire Protection on page 191. He said on page 193, Orange Rural Fire had charged the Town the full \$23,668 for equipment depreciation, and he had sent them a letter stating that the spreadsheet indicated the cost should have been \$16,300. Mr. Peterson said it was up to the Town Board if they wanted to accept the full cost of \$615,378 and he would ask the Fire Department to reduce the full cost by the difference between the \$23,668 and the \$16,300.

8:31:26 PM Mayor Stevens said that was \$7,000. Mr. Peterson agreed. He said he could alert the Fire Department that if they did not want to reduce the budget by that overcharge, then if some need became apparent during the year that the Town would likely not contribute because of that overcharge.

8:32:26 PM Commissioner Lloyd suggested that perhaps the Town should only offer to contribute half of the funds requested for such mid-year expenses, for instance if the copier were to break down. Mr. Peterson said the Town had paid for half the doors and half the fire alarm

system, and those were the only unexpected expenses they had experienced. He said he had not received any requests for small items in several years.

8:33:59 PM Mayor Stevens said he understood Mr. Peterson was recommending leaving the entire figure in, but having some recognition of that extra expense. Mr. Peterson said that was correct.

8:34:22 PM Mr. Peterson noted that Public Works-Streets/Powell Bill began on page 199. He said the draft of the design and specifications for the street resurfacing were being done now, including the Faribault Lane repavement. Mr. Peterson said he hoped to have that out for bids in July.

8:35:19 PM Commissioner Hallman said he did not get a sense that the Board was sympathetic to spending money on the Tryon Street parking area, but asked if some funds should be put in the budget as a placeholder. Mr. Peterson said that would be at the Board's discretion. He said he had recently walked that area, and his recommendation was that on Tryon Street, from Churton Street all the way to the other side of Dr. Ray's property, he did not believe there was any way to safely add parking.

Mr. Peterson said the only other way to create new parking spaces was to go in the south side of Tryon Street and use the right-of-way and cut in to everybody's property and curb and gutter it all the way into people's front yards. Mr. Peterson said he was sure no one wanted that to happen. He said it would cost several hundred thousand dollars to achieve just a few parking spaces.

Mr. Peterson said the other option would be to make the street one-way, although he was not recommending that. He said Summit would comment on that and send it to him in a letter. Mr. Peterson said he would then write a summary letter to the Town Board of the options, but his recommendation was to do nothing.

8:39:47 PM Mayor Stevens said he believed they had looked at every option and every piece of available information, and he agreed that the problem could not be solved and they should do nothing. He said this was a "done" issue and did not need further discussion.

8:40:52 PM Mr. Peterson stated that the Public Works-Powell Bill was on page 204.

8:41:02 PM Mayor Stevens asked if that included the Nash Street sidewalk. Mr. Peterson said yes, the design work was being done now and when that was completed it would go out to bid.

Mr. Peterson said a citizen had questioned why the Town had not done a bond package to finance everything. He said if you had smaller projects it was less expensive to do a lease purchase or installment purchase agreement and provided more flexibility. Mr. Peterson said if the Board ever wanted to do a huge project like a Walkability project that was going to be several million dollars then they would consider a bond package.

8:44:04 PM Mr. Peterson stated that Public Works-Sanitation began on page 217. He said the Kubota Utility Vehicle for Park Maintenance would not be purchased until there was a demonstrated need. He noted that the three BigBelly Solar Powered Trash Containers had been deferred to FY 09. Mr. Peterson said they would do their best to have the “One Person Operation” leaf collection vehicle purchased and ready to go prior to the fall leaf season.

8:48:14 PM Mr. Peterson noted that Public Works-Cemetery started on page 229. He commented that the staff was very pleased with the work of the contractor, noting that where it had taken Town crews 4 days to complete the mowing, the contractor was completing it in a day and a half.

8:49:16 PM Ms. Armbrister said many compliments had been received from business owners in Town, noting how much better the cemetery looked.

8:49:18 PM Mr. Peterson stated that Tourism started on page 233.

8:49:55 PM Commissioner Gering asked about the grants line item at \$76,000, noting they had not spent that much. He said they had allocated only \$73,000 for grants for FY 08. He said they had allocated \$69,725 for the current year.

8:51:40 PM Mayor Stevens said they had previously talked about the Arts Council and some of the arts for the Last Fridays of about \$5,000.

8:52:01 PM Mr. Peterson said that was listed under Special Appropriations beginning on page 237 and also included in the detailed line item on page 239. He noted he had put in a placeholder of \$31,000 for non-profit agency funding, and it was the Board’s discretion what that figure should be.

8:53:26 PM Mayor Stevens asked about the expenses for maintenance and repair of the Town Clock. Mr. Peterson said he would check that figure, noting he believed it was to illuminate the dial.

8:53:53 PM Commissioner Gering the illumination had not yet been done. Mr. Peterson stated that the \$10,000 could be encumbered and carried over to next fiscal year.

8:55:50 PM Mayor Stevens asked if now was to time to talk about funding for non-profit agencies. Mr. Peterson said it was the Board’s call.

8:56:12 PM Mayor Stevens said last year the budget was so tight they had held the figure constant. He said a few changes had been made to switch funds for particular programs. For the coming year, Mayor Stevens said the one big new item was the Neighbor House, requesting \$13,500.

8:58:29 PM Commissioner Gering asked did the Board want to decide on an overall figure, and then discuss how to adjust the various requests to meet that figure. Or, he asked, was there some other method the Board wanted to use.

8:58:46 PM Commissioner Dancy said Mr. Peterson's figure was a little less than \$1,000 more than the current year. Mr. Peterson said that number of only a placeholder.

8:59:10 PM Commissioner Lloyd said she did not want to allocate much more than the \$31,000.

8:59:13 PM Mayor Stevens suggested that the allocation remain in the \$31,000 range as suggested, then decide within that amount how to allocate it to the various agencies.

8:59:53 PM Commissioner Hallman asked about the rental assistance for the Daniel Boone residents. He said he understood that many had already left the campground, and asked if it was known what the real need was. Commissioner Hallman said if the Town decided to fund that \$5,000, he would want to offer the Freeland's a chance to match that amount.

9:00:17 PM Commissioner Gering agreed, and did Commissioner Hallman.

9:00:29 PM Mayor Stevens said he understood that most everyone had moved out, with very few requests for assistance.

9:00:54 PM Commissioner Hallman said if there was a need he would like to help, but with the Freeland's assistance.

9:01:08 PM Commissioner Gering suggested that did not have to be decided tonight, but could be discussed once the actual need was determined and the Freeland's and American Asset were contacted.

9:01:36 PM Commissioner Dancy suggested maintaining the agency contributions to the level suggested by Mr. Peterson and that they continue to fund what was currently being funded. She said if anything was left, it could go to the Neighbor House. Commissioner Dancy asked if anyone knew what the funds requested by the Friends of the Senior Center were earmarked for.

9:03:02 PM Commissioner Gering said he believed they would go towards unique and special senior programs.

9:03:53 PM Commissioner Gering said using Mr. Peterson's figure of \$31,000, that was only \$780 more than allocated last year. He said the Child Abuse Program for \$700 would not be spent this year, so that would leave \$1,480 that could be shifted around.

9:04:42 PM Commissioner Hallman said he would like to see the Board be more flexible than that. He said these organizations were struggling more than the Town, and if a few hundred dollars more needed to be added here or there he would like to see that happen.

Commissioner Gering said that was fair.

9:04:56 PM Mayor Stevens said he had some interest in giving the Exchange Club close to what had been allocated in the past, which was \$1,450.

9:06:25 PM Commissioner Dancy suggested giving \$1,000 to Neighbor House, and leaving the rest of the current year amounts as is for the next fiscal year.

9:06:45 PM Mr. Peterson said one thing that had stood out this year was Orange Community Housing, noting that affordable housing had been listed as one of this Board's top priorities. He said while a huge commitment had been made by the Board to Fairview and its infrastructure costs, the additional \$500 Orange Community Housing was requesting would help their "shoestring" budget.

9:07:35 PM Commissioner Hallman commented that Orange Community Housing had not received all of the HOME funds. Ms. Hauth replied they did not receive all that they had requested.

9:08:09 PM Mayor Stevens said all of these agencies did great work, and it was difficult to choose. He said each of the agencies was only asking for minor increases. Mayor Stevens agreed that the Town was trying to end homelessness, and agreed with Mr. Petersen's assessment.

9:09:02 PM Commissioner Dancy summarized that the Board was considering an additional \$500 for Orange County Housing, \$1,000 to Neighbor House, and leaving the Exchange Club at \$1,450.

9:10:44 PM Commissioner Gering said that would bring the total agency contributions to \$31,720.

9:11:04 PM Mr. Peterson said if the Board decided some time in the future to consider helping the Daniel Boone residents, those funds could come from Contingency or some other fund.

9:11:54 PM Mr. Peterson stated the last department to discuss was Safety & Risk Management on page 241 and 242. He said they would soon be advertising for a full-time Safety and Risk Management Officer.

9:12:28 PM Commissioner Hallman asked if the figure noted under "Lost Work Days" was only one person. Ms. Armbrister stated that was correct.

9:12:47 PM Mr. Peterson said next year, they would try to blend the Scorecard information and consolidate it to make it easier to review. He asked if it would be helpful to put justifications for expenditures in an index to make it easier to find.

9:14:45 PM Commissioner Hallman said he believed it would help.

9:14:55 PM Mayor Stevens said it was worth a try.

9:15:37 PM Commissioner Hallman said the budget was easy to get through because of the level of detail provided. Commissioner Dancy agreed.

Commissioner Hallman asked if by the work session on Thursday the Board might receive the high level summary with these numbers adjusted. Mr. Peterson said he could update the General Fund and have a summary ready by Thursday. He said the net change was only a few thousand dollars, and was not enough to change the tax rate.

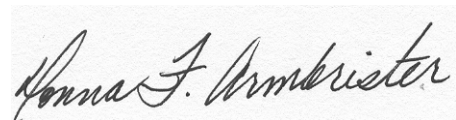
9:17:35 PM Commissioner Hallman asked if any of the departments had critical concerns regarding no new positions. He asked if the Town would be hurt by that, or would current staffing be enough. Mr. Peterson said in his opinion, they were okay at current staffing levels. He said on a per capita basis, Hillsborough was in good shape.

Mr. Peterson said he had no doubt that in the next three years new needs would be identified and would require additional personnel. But, he said, they needed to hold out as long as possible before new personnel was added in order to judge the revenue stream generated by Waterstone in tax dollars.

9:20:09 PM Commissioner Dancy said she was concerned that the Assistant Manager position was now vacant, and that person had been specifically hired to assist Mr. Peterson in his myriad duties. She asked how that vacancy would affect him. Mr. Peterson said some duties were being delegated, adding the vacancy was temporary and another Assistant Manager would be hired as quickly as possible. He said they were looking at the whole organizational structure for optimum efficiency, and he would soon be making some subtle but important recommendations for changes in the organizational chart based on suggestions by department heads.

Mr. Peterson said he had written a memo that would go out to department heads tomorrow noting the changes and asking for immediate feedback. He said once that was done, they would begin advertising for an Assistant Manager.

9:23:55 PM Upon a motion by Commissioner Gering, seconded by Commissioner Lloyd, the Board moved to adjourn the meeting at 9:23 PM by a vote of 4-0. The motion was declared passed.



Respectfully submitted,
Donna F. Armbrister, MMC
Town Clerk