

MAYOR
Michael L. Alvarez

MAYOR PRO TEM
David L. Cohn

INTERIM TOWN MANAGER
Scott J. Kaufhold



TOWN COUNCIL

Gordon B. Daniels

Gary M. Savoie

Amy R. Stanton

Mark A. Wireman

**Indian Trail Town Council
Budget Meeting
Saturday, April 16, 2016
Civic Building—9:00 A.M.**

MINUTES

The Indian Trail Town Council convened at 9:00 a.m. on Saturday, April 16, 2016 for a Budget Retreat/Workshop to discuss the DRAFT 2016/2017 Fiscal Year Budget in the Council's Chambers at the Civic Building—100 Navajo Trail, Indian Trail, NC 28079.

The following members of Council were present:

Mayor Michael L. Alvarez
Mayor Pro Tem David L. Cohn
Council Member Gary M. Savoie

Council Member Mark A. Wireman
Council Member Amy R. Stanton

Councilman Gordon B. Daniels was not in attendance.

The following members of Staff were present:

Town Manager/Director of Engineering Scott J. Kaufhold P.E., Town Clerk Kelley Southward, Planning/Neighborhood Services Director Rox Burhans, Parks & Recreation Director Jason Tryon, Finance Director Jim Wojtowicz, Revenue/Tax Collector Alicia Massey. Communications Coordinator Mike Parks and Human Resources Director Tihisha Sharif joined the meeting around noon along with HR Consultant Susan Manning

There were approximately 5 guests in attendance.

1. WELCOME & PLEDGE OF ALLEGIANCE

Mayor Alvarez led everyone in the Pledge of Allegiance.

Councilman Daniels is not present.

2. MONROE UNION COUNTY ECONOMIC DEVELOPMENT (MUCED), CHRIS PLATE,

Mr. Kaufhold: We had an Economic Development department of four personnel; the Director of the department resigned; Susan Didier has moved to Parks and Recreation, Mike Parks was Communications, he has moved to Administration; Julia Zweifel Planning (new job position.) The

recommendation is to take the same budget that the Economic Development department used to have, back out the salaries for Mike Parks, and take the remaining \$275,000 for an economic development budget. The recommendation that the Town take \$50,000 of that \$275,000 for the retail component of MUCED.

Chris Platé/MUECD:

The drawdown account is a great idea, and the budgeted amount is a good number to work with. When you start getting into grading sites, it would not be enough money. We want to be your advisor on site development, controlling the land through options and take away some of the unknowns. You can use the account to create marketing materials for Indian Trail, we can design them in-house and those can be inserted in our prospect packages and look as if they are “part of our family”.

Mr. Kaufhold asked Mr. Platé to elaborate on infrastructure and contacts. With Mike Parks focusing on local businesses, community development, how will MUECD add value and reach a national platform.

Mr. Platé: Site selection consultants, we are first point of contact for Charlotte regional partnership, that budget flows through our office. All those leads will contact the MUECD. We are one point of contact. We have the network that we work within, we have a significant budget, we are at \$707,000 this year and we save the taxpayers \$435,000 by merging two budgets. We can go to CA, NY, KY, a lot of travel involved. Best way is to go to conventions, you have to go where the decision makers are, you cannot sell from a desk. Economic development is not a cheap endeavor, but it pays for itself. Our ROI is 135% right now.

Councilman Savoie: In essence this is an outsourcing of our economic development. How do you leverage what Indian Trail needs versus what other towns need?

Mr. Platé: MUECD will put the best sites in front of the client regardless of where that is, so as long as the product is ready, i.e, zoned correctly. When we look at industrial ventures and look at Old Hickory, that’s ready to go. We need a planning meeting to solidify what you want for the town. Your incentive is your low tax rate and proximity.

Councilman Savoie summarized that one of the things he is hearing is that Indian Trail needs to put together key marketing materials to attract businesses. He agrees that pad ready sites are a big thing, especially with bypass coming in; I think there is sufficient ROI there and I hope that Council will consider that. Mr. Platé stated that the Town needs to identify sites, and get them ready. Companies can’t visualize. Councilman Savoie asked for MUECD’s expertise in identifying those sites, making sure zoning is there. Mr. Plate added when you bring these companies in, it adds local jobs. From a county perspective, you want jobs, but for a municipality you can extract the benefits of the jobs, it grows your retail, restaurants etc.

Mr. Kaufhold said that it sounds like we need a consensus that when the opportunities arise we will have to come up with a funding source. We will start with this base level approach on economic development, but looking to build forward to a “pad ready” level.

Councilman Wireman said that this is an exciting opportunity for the Town. MUECD has the infrastructure, the website, the database of vacant property availability. MUECD has my consensus in moving forward.

Mayor Alvarez: Retail buying power at a less expensive rate. I see it as an opportunity of bouncing off each other’s strengths. I am a big advocate of MUECD. By working together and helping each other, infrastructure will follow from the State. We have been butting heads too long as to who is

going to be “King of the County”. I look forward to this. We have a hidden gem in manufacturing college that used to be Bealer Wholesale. Now we need to get the businesses here. The technology is second to none, it is a great addition to the County.

Councilman Cohn:

How does the \$225,000 draw down account work? Mr. Platé said that MUECD would come to the Town, the Town writes the check.

Mr. Kaufhold: The Town manages the money. It could be used for zoning, options on land, marketing materials, whatever would make sense to keep things moving. We have had conversations with Union County Public Works about capital projects and partnership opportunities to extend water and sewer. All part of ground level work. We have Mike Parks, don't forget him, he is doing communications, but he is also doing community development as well. Council would be aware of what is going on with any use of the budgeted funds.

Councilman Cohn: What does Monroe put in to MUECD and the other towns? The Towns that don't contribute can still participate? If we didn't give you anything, would we still stand to get the projects or does it give the Town an advantage?

Mr. Platé: Monroe puts in \$303,000; the County puts in \$404,000. Monroe puts in an “in kind” of an additional \$100,000. Other towns put in nothing. Mr. Platé responded that the Town is giving the money to the Town, not to MUECD. The Town is getting the expertise but if things aren't put in place it hurts the Town's opportunity for economic development. You need to invest in yourselves to create product for me to sell. The Monroe contribution is part of its maturation; it was more political than anything.

Councilman Cohn: Do we still need an economic development committee? This seems to create the need for a committee to help MUECD. Does Monroe have a separate economic development department? **Mr. Platé:** A committee would allow us to move quicker at the beginning. It provides you assurance that someone has looked at things with Indian Trail in mind, identifying sites. The hiccup with the last committee was that it got drawn down into rabbit holes around things that were not economic development. The committee would need to stay focused. Monroe does not have a separate department.

Councilman Wireman: On the \$50,000 that is dedicated to retail, can you explain what that is giving us and what other municipalities may or may not be doing in that area? **Mr. Platé:** Retail side is Pay for Play scenario. Monroe is budgeted at \$50,000 for the retail. The position has been identified, if funding came in, we would fund it. We have an in-kind agreement with Waxhaw, looking to finalize numbers with Wingate, and maybe Marshville. That money would just support those towns and their efforts in retail. It is a proof of concept, we are hoping for a 5 year commitment so that we could hire a quality person. It is a different expertise than what we have. Certain software has to be acquired. So it would be an inter-local agreement between the partners.

Councilman Savoie: If the Town were to undertake economic development we would probably have to look at an external consultant. By hiring Mr. Platé, this keeps it local.

Ms. Southward drafted a mission statement and goals for the committee. Councilman Wireman had requested this and both he and Mr. Kaufhold reviewed the draft. Based on the mission statement, Ms. Southward is drafting bylaws for the economic development committee for review by Council at the next meeting.

3.) UNION COUNTY SHERIFF'S OFFICE

Mr. Kaufhold: On Tuesday night, we discussed the first part of the agreement with Union County Sheriff's office which would promote the Lt. position to the Captain position. It is Sheriff Cathey's decision to fill the position. Lt. Coble is stretched, time to go vertical. Discuss a modified option 2.

Lt. Coble: This option being presented today is an option put forward from the Sheriff's department. The Sheriff really wanted to push for a building of a vertical structure. The Sheriff and Mr. Kaufhold talked through the options. While preparing the plans for law enforcement, we considered what the Town has on its' plate and its plans. Mr. Wojtowicz will present costs and options to Council for consideration.

Yellow is new position, red are county funded positions. The Governor's Highway Patrol position is still pending. The request is to add the new positions, staggered into this budget year.

Mr. Wojtowicz:

Consider adding 4 new positions (at 90% in Indian Trail, 10% outside of Indian Trail): \$85,687 for a Deputy; \$108,937 for a sergeant; \$122,513 for a lieutenant; and 130,037 for a Captain. The total impact of adding the four positions is a 25% increase, factoring in the new positions plus raises.

Mr. Kaufhold and Mr. Wojtowicz looked at staggering the officers to reduce the impact. Preliminary plan is to budget one position for ½ year, one for ¾ year. The goal is to maintain the tax rate. Ms. Massey has collected over 99%, drops right to fund balance. It was budgeted 96%.

Councilman Cohn: What did the study say? It gave us so many years to get to a certain number of positions. How many years deep?

Lt. Coble: It was projecting up, but I don't remember. I think it was 2-3 years deep. If you kept adding positions that way, the concerns that the Sheriff and I have is that we would be going 'longways'. Councilman Cohn commented that if anyone is worthy of a Captain role, Lt. Coble has been "so much more than what money can buy". Councilman Cohn asked that in consideration of saving taxpayer money, does Lt. Coble think the Town needs to add all four positions at once, that's a lot quicker than what Councilman Cohn had expected. Lt. Coble said that he is basing his opinion on conversations with Councilman Daniels, what he hears about upcoming Town plans in Council meetings, the bypass coming etc. Lt. Coble went out on a tour of the bypass, he said he knew Bonterra and Poplin Roads were going to be problems, but what he saw on the ground, and with what he hears about upcoming plans in Council meetings, (hotel potential) and with the bypass coming (trespassing, vandalism). There will be property damage, trespassing, vandalism, with the influx of people. The hotel was not on my radar until recently. We are getting more and more roller coaster, peak incidents, example we arrested 8 people in 2 ½ hours at Walmart recently. If you choose not to grow all the positions in this fiscal year, Lt. Coble says that he thinks that the staggering of the additions would be the least blow and impact for the Town's budget, but as we add on, it needs to be the Sergeant spot. These are all talking points right now.

Councilman Cohn responded that he cannot take the recommendation of Councilman Daniels regarding bringing up the 4 spots, I have to do that with a grain of salt because Councilman Daniels tried to start a police department last year. I can't take the recommendation of someone that I don't believe has the true well being and heart of the Town.

Mayor Alvarez: Has the law enforcement manpower budget increased enough to keep the service levels the same as the town has grown? Mayor Alvarez said this plan was put together by the Sheriff, and it is a giant step forward but a necessary one.

Lt. Coble: It doesn't mean these things are going to be here tomorrow, but need a roadmap and plan for future growth.

Councilman Wireman: Consistent and good response time is at about 8 ½ minutes, with these additional resources to your staff and command and control structure, what will that do to response time?

Lt. Coble: You get leverage from an economic development standpoint. Indian Trail is the biggest customer of the Sheriff and have the most urbanized area. I police your town, I don't Sheriff your town. It lets you hold all your service delivery levels firm as you continue to grow and add on.

Councilman Wireman asked Mr. Wojtowicz, to explain the staggering amounts in more detail.

Mr. Wojtowicz: With the four positions, one idea would be to start one deputy on January 1st, one deputy starting on April 1st. The Sergeant is not on the chart yet. The Lieutenant position also needs to be discussed further with Lt. Coble. Mr. Wojtowicz needs to discuss with Lt. Coble regarding specific plans for staggered start dates by position.

Councilman Wireman asked Mr. Wojtowicz to come back with models on staggering options to make it efficient from a taxpayer standpoint. Need to hire from top down regarding priority. Councilman Wireman asked Lt. Coble to consider if there are any deputies that can be promoted from within. Lt. Coble agreed absolutely; he added the agency process for assessment for promotions, and then they can take the Sergeant exams and get ranked onto the list. There could be reclassification to start this process out.

Councilman Cohn said that there was no doubt in his mind that it is needed, but the concern is with taxes, raising the budget by \$400,000, could increase taxes. Need to weigh that into the consideration. I trust Lt. Coble 1000%. Mr. Wojtowicz said that the goal is a flat tax. Mayor Alvarez said you can't put a price on what a member of law enforcement has to go through, and as a resident, he personally thinks that we need to do whatever it takes to make it happen.

Lt. Coble added the cameras law enforcement is suggesting are a force multiplier. Councilman Wireman said he thought the cameras are going to be a great asset, they extend law enforcement's reach and capability. Councilman Savoie says that the visibility and signage about the cameras is a deterrent.

Mr. Kaufhold summed up next steps: Over the next week, he will work with Lt. Coble and Mr. Wojtowicz on some staffing staggering options that will work with the town budget, and the Union County Sheriff's office. Staff will be prepared to discuss options at the next Council meeting.

4.) PARKS AND RECREATION, MR. JASON TRYON

Crooked Creek Park Master Plan: Distributed the feedback from the Town forum on the Master Plan. Not everyone voted on a section, and instead just gave feedback not specific to a concept.

Crooked Creek Park is a large piece of property, so it was broken down into three sections. We considered what is affordable with the remaining money.

Section B: Behind paved parking lot, adding six amenities or play features: shelters, walking trails, nature center, pedestrian bridges that connect to other areas of park. More passive recreation. Concept 2A, more baseball, additional walking trails, Miracle Field, ADA playground. Need feedback. Disc golf has been approved through the Part F grant, but need to get direction on which option before disc golf can begin.

Councilman Wireman: I agree with residents one of the main concepts is to have places where families can go out. I don't get the sense that they want more ball fields, but an open area they can just enjoy an afternoon with family. I liked Concept 1A (Miracle field, ADA, and basketball), 1B, walking trails; Concept 3a, walking trails and boardwalks, 3b, playground expansion; 3c performance shelter, outdoor amphitheater, multi-purpose space, walking trails and boardwalks. One of the concerns I have with Miracle Field, it is a great concept, and I agree we should potentially reserve space, should consider a time limit. They said they will need 2 years for funds.

Mr. Kaufhold asked Mr. Tryon what timeframe should be considered for Miracle Field.

Mr. Tryon said it depends on what direction we decide to go. Regarding Councilman Wireman's preferences, Mr. Tryon reminded them that none of it is set. Council can choose to move the items around. All of affordability is going to be in A and B items. The C concepts require roadwork etc, and that would be out of current budget. Mr. Tryon needs to know from Council today, which amenities and what area is their preference.

Councilman Cohn: On the C area, it's big enough to put all-purpose fields there, would we have parking to bring in a couple thousand people. We have a new school coming to town and if we had a nice facility that high schools could use, I want to make something nice for our town. Big picture, working with County and schools to make it a combined effort. Mr. Tryon: the land that is available in that area, if you build two fields, you are left with over 15 acres, so there would be plenty of parking. You could lay that out for future long term plans and speak with Union County.

Councilman Savoie: How much acreage are we not able to build on? Mr. Tryon responded that Area A has 8 ½ acres of developable land, Area B and C combined have 23 1/2 acres. There are 50-60 acres are flood plain property and creeks. I like 2A with the two ball fields together, to have challenged youths play with adults and youths, and that facilitates that. I like basketball, but it can get heated, and I like it over in Section B with the half-courts. Agree with Mr. about having multi-purpose fields. There is a high demand in comments and would be a revenue generator for the Town.

Mayor Alvarez: When we first put out the concept of parks out there, my thought was that any kids showing up to play. The other concept for unbuildable land, could we let it be used for general park space, or for the Boy Scouts. Mr. Tryon said that anything below the flood plain, with a heavy rain, you can't walk through there. But there is nothing wrong with adding some trails in section B without using existing funds. There is some open green space but there is not enough of it. It has been developed to fulfill group needs.

Councilwoman Stanton: I am not in favor of the ½ courts for basketball because you can't play a game. Boys like to play on a full court where they can play a game. I think a full court would be used. I like the walking trails. I would like the playground to be expanded. It is always packed. What is deadline for a decision?

Mr. Tryon: This decision is holding up some other projects, i.e., the disc golf course. So the sooner the better so as not to hold up other projects.

Councilman Savoie wanted to clarify he likes the full court for basketball. He just did not like the location next to the Miracle Field. Mr. Tryon said that it could be changed from a ½ court to a full court.

Councilman Cohn says there are constant problems at his neighborhood basketball courts. It is for older kids, there will be some bad language and someone needs to monitor. Council should also consider if we need basketball courts? We have Carolina Courts; maybe the courts should be put at

Carolina Courts so there would be someone to monitor the basketball courts. They do not have outside courts so that could be an idea.

Councilman Wireman agreed that they have the same problem in their neighborhood with basketball courts. It does breed problems. I am going to advocate more facilities for families.

Mr. Tryon: There was a vote that got passed, NC Connect, part of the package was more grant money for the state. Will be adding \$4M consecutive years, to part F so once we fulfill our projects for Part F, we can apply for next year. There was a grant specific to ADA facilities. Mr. Kaufhold said there was another grant for Wounded Veterans that came across recently.

Councilman Wireman: Any update on the ½ built maintenance shed? Mr. Tryon said that Public Works has been looking at quotes to get the project going again. Mr. Kaufhold said that law enforcement is tracking down the contractor; there could be a chance for the Town to get some money back.

Mr. Tryon: Our department is in favor of 1B, it brings the widest range of amenities, it is all in the budget for what is currently in park funds, and it offers open green space, additional shelter, has a nature center, pedestrian bridges and playground space. Councilman Cohn said that he likes that option, and asked Council to make a decision today and select Option 1B. Councilman Wireman wanted to look into re-working in a performance shelter (in Section C) and Councilman Cohn wants a pond. The Council agreed to approve concept 1B, with considerations to add a performance shelter and pond somewhere, consensus reached. Mr. Tryon said he would look at re-working the area on right for pond; could move around nature center and put a performance shelter in. The decision would allow us to begin working on disc golf. There was a consensus to approve Concept 1B with the above disclaimers on pond and a performance shelter.

Revenue:

Crossing Paths Park: Our direction for best open space. We may not hit revenue goal for this park.

Chestnut – Revenue goal \$18,204 was lower than expected due to delay of multipurpose field opening. One of the sponsors moved over to Crooked Creek. Utilities for Chestnut should be lower next year.

Crooked Creek Park is at 77% of goal. Goal was \$102,000, expect to exceed, currently awaiting a \$19,000 check from a sponsor. Councilman Savoie asked if the fields were “good to go”. Mr. Kaufhold responded yes, there were soccer games played there last night. Six weeks of summer camps are booked and volleyball is a recurring reservation on Sat/Sun/Mon.

Upon query from Councilman Wireman Mr. Tryon said his goal is to offset utilities and park supplies and day-to-day maintenance. Councilman Wireman asked that the Parks update be added to the website, revenue, expenses so that the residents can understand. Councilman Savoie said to add that the goal is to be net neutral at the end of day.

Councilman Savoie, can lights be turned off remotely? Yes. Mr. Tryon said that the lights are scheduled to be on based on rentals. Sometimes they don't show up, so the lights are on without anyone playing. If they know, they can turn them off.

Department Goals:

- Enhance customer service and streamline communication process.

- Develop relationships with local business.
- Received a Grant for a Flag football league in fall, will reach out to Porter Ridge.
- More marketing and publications for public.
- Increase participation and programs.
- Get better input for what types of programs the public wants.

Councilman Wireman: Suggestions for events, more live music and look into re-enactments groups that may have an interest in setting up for Civil War, or Highland Games type events. Councilman Wireman will share contacts for groups with Mr. Tryon.

Mr. Tryon: Three concerts are already scheduled; fourth Friday of each month, live music is scheduled through the House that Rocks. Each event is being sponsored by local businesses and we are looking into food trucks and a beer vendor. The ordinance says alcohol is not allowed in the parks, but would be for special events only when there is a day permit. Councilman Wireman spoke with Old Mecklenburg and they said they would be happy to come out; Town would be completely hands off other than to provide tent and space.

Councilman Savoie asked about staffing with the growth of these programs. Mr. Tryon responded that plans may include hiring a part-time events specialist. There could be a demand for someone to focus on athletics with the increase in events. Staffing is being discussed with budget plans.

Councilwoman Stanton suggested getting word out to the schools because they need the hours to graduate. Mr. Tryon said that the volunteer work would be with summer camps so it would be fun and outside volunteer work.

Splashpad Update: Getting the information together. There are two systems: recirculation system and a flow-through system. The recirculation system is costly upfront, but in the long term it lowers water bills. I will have proposals to share next week with Council. More than likely it would be September or October before it is installed.

Councilman Savoie left the meeting.

5) TAX AND FINANCE, JIM WOTOJWICZ

Revenue Projection: Tax Levy is based on Town's assessed value. The Town budgets at 96%, which gives us a cushion, this year we collected 99%. The Town of Indian Trail has a \$10 million fund balance.

Ms. Massey reported that taxes are 99.26% collected. We had a good year in collecting back taxes. Estimated valuation from the County showed an increase of \$66 million from previous year. The delinquent tax advertisement will go out tomorrow in Charlotte Observer, this year only 200 names, which is more than half of the amount of names as last year. Councilman Wireman asked for outstanding debt: \$6,107,000, collected \$6,062,000. Ms. Massey will send Councilman Wireman the prior year's outstanding debts on property taxes. Mayor Alvarez asked how many are in foreclosure. Ms. Massey said she would not know be able to respond because the Town is not aware about the proceedings until the bank notifies them.

Whatever fees we can get locally keeps the tax levies down. If everything else remains equal we will be up \$400,000 in revenue. We are always looking for additional ideas for revenues and fees.

Finance department: \$55,000 budgeted for computer services, contractor. Satisfied with service.
Merit Increases: Will be in HR budget. Reviews will be done on anniversary date.
Salary plus COLA amount. Health insurance change, but will be budget neutral. Social security, put a place in the budget. 401K put in 3%.
Each department has submitted a worksheet and then will meet with Mr. Kaufhold.
Debt Service: was discussed; the first payment on the loan for the new Town Hall will be due in the 16/17 fiscal year.

There are two street and sidewalk bonds.

Operating Capital Budget: There was money in the capital budget for a vehicle last year. Mr. Burhans had a vehicle request for code enforcement; last year the budget only funded ½- vehicle. The full vehicle expense has been budgeted for 16/17. Gravel parking lot at Chestnut Square Park

PO's from previous years that have not been used: Mr Tryon has some money encumbered in projects that he won't be able to get to this year, that money will stay there for him. In finance, there is a PO open for a webpage upgrade two years old. Will keep the projects open and possibly re-shop vendors next budget year.

Councilman Cohn: How do look overall as far as tax rate? Do you have an idea?

Mr. Wojtowicz: We are going to be on budget or better. The goal has been to keep tax rate at 18 ½ cents.

Councilman Cohn: Do you see an opportunity to lower the tax. I like to keep things flat, I would rather keep the money in surplus. The general fund is about \$10 million, which is about 160% of appropriations.

Is all that money accessible? Yes, most of it. We get better rates.

Councilman Cohn: With new Town Hall, we have added expenses on our tax, so we are going to spend more money on the same amount of money we had last year. Before you were here, about 4 years ago, th Council stated that when they built the parks and had a 4 cent tax increase, the Council stated at thata time that it would be used exclusively for the parks. Obviously that is not what is happening. You have parks and the Town Hall pulling out of the same area, in your eyes, are we neglecting parks? I worry when Council would ask for a lower tax base. Mr. Wojtowicz: Good question, but I see nothing that is being neglected.

Councilman Wireman: Requested a copy of the breakdown of what the payments are for the debts. I agree with Councilman Cohn, it is premature to ask for a tax decrease. When we talk about building out parks are we going to tap into the 300,000 debt service? No, there is no additional debt service.

Town Hall was quoted at \$250 SF, and it's almost doubled. I am concerned and to Councilman Cohn's point we are not in a position where we can consider lowering taxes. I would assume it would have a significant impact on budget. Please share the budget to actual from previous year; also budget vs. actual for capital projects.

There are some bonds that we haven't tapped into, the road bond fund, and Old Monroe widening fund...hypothetically if we were to tap into the \$10 million, can we get a sense of how would that impact the budget and how it would look from debt service perspective? Councilwoman Stanton asked that he shared all that information with all of Council.

Councilman Wireman commended Ms. Massey on 99.6% recovery rate.

Councilman Cohn: Regarding the funded positions that went unfunded, are you going to try and get rid of those positions and show where the money is going. Councilman Wireman: It made it appear that there were funded positions that were kept as placeholders, take the money and use it elsewhere. Mr. Wojtowicz responded that if the positions are not funded, they will not be shown. Comments on law enforcement presentation, can the budget absorb it the four additional law enforcement. Councilman Cohn is worried about next year if the positions have to be staggered. Consider if you have to stagger this year, what happens next year. Mr. Wotojwicz said that will be taken into consideration.

Councilman Wireman asked for updates on Town Hall project from Mr. Kaufhold. Mr. Kaufhold: The Town Hall went from \$7.9 million and now \$8.7 million is the capital project ordinance, which just gets you a building, it does not get you in the building. That doesn't include the other items that weren't accounted for that could add \$1.5 million or greater in increased expenses. There are inside the building and outside the building that were not accounted for. Staff is working with A/V and technology to get costs within 30-45 days, and furniture. These are all above and beyond the \$8.7 million dollars.

There have been rumors that the Town being fined \$400,000 for delaying the building, have not seen anything from an agency showing a fine. The expense to remove the cupola was rumored to be \$30,000 when in actuality it was probably only \$300 to remove the cupola. There is no substantiation for these numbers. No one has contacted Town staff about the cupola. There was a \$130,000 savings that the Town had by NOT installing the cupola.

Gravel parking lot at Chestnut Square is a placeholder, there are no identified plans. This is the first year that Carolina Courts and our full park will be in full swing. There may be a need for gravel overflow parking, (100 spots). There has been additional on street parking added on the parkway. So if/when this is needed, it will be brought to Council. Councilman Cohn asked if Carolina Courts was ever approached about adding those spots on street, (Mr. Kaufhold responded no) Councilman Cohn suggested if gravel parking lot is added Carolina Courts should be approached to pay for some of it.

Mr. Kaufhold asked Mr. Burhans to give an update on neighborhood enhancements. At present there is \$10,000 in budget, no narrative to document what it was for. Found a presentation that was sent out to Council, it was an all encompassing neighborhood empowerment program, crime, drugs, strategies and techniques to counter-balance. What should be done with the money, add it to general fund, carry it forward to future, what are council's priorities?

Councilman Wireman: Concerns with neighborhood enhancements, brings the concept of an HOA to a neighborhood that doesn't have one. That would require hiring a staff member. Code enforcement activities need to be given "some teeth" to help get residents to spruce up their household. There is nothing behind the ordinance to get the residents to comply with the ordinance. Mr. Kaufhold previously there was discussion of looking into ordinances overall.

Mr. Burhans: In code enforcement we only have two officers and a truck. We are staffed to be more responsive and that is not uncommon. With additional equipment and technology that would allow us to be more proactive. We appreciate the feedback.

Councilman Cohn: Success story for code enforcement. I called Mr. Burhans and he was able to help with an issue. We have different leadership now, and the staff wants to help, but things will get done now.

6) HUMAN RESOURCES, SUSAN MANNING AND TIHISHA SHARIF

Mr. Kaufhold re-introduced Susan Manning to review her presentation from the last budget workshop and get action on pay and classifications plan. Ms. Tihisha Sharif, HR Director will cover the HR items.

Ms. Manning: Distributed summary of study recommendations and at meeting to answer questions Council may have or to provide any additional information. Council action required to review and approve Classifications and Pay Plan and study recommendations for upcoming fiscal year.

Ms. Manning stated that unfunded positions should not be carried on the books, agreed with Mr. Wojtowicz. There were two unfunded Assistant Director positions and she recommends those be abolished.

Recommendations:

Organization Changes

Reassessing solid waste to Public Works (both Mr. Kaufhold and Mr. Burhans agreed)

Reclassify community development position to parks and recreation

New positions: Hr Administrative Assistant (administration), 2-4 Maintenance positions for Public Works, Recreation Program Coordinator for Parks and Recreation.

Reclassifications:

Community Development Specialist to Recreation Program Coordinator

Civil Engineers to Engineering Project Managers

Assistant town Engineer to Engineering Technician

Laborers to Maintenance

Consolidate two levels of code enforcement into one

Customer Service representatives, two levels now, when in new Town Hall, those will need to be re-visited.

Associate Planner to Planner

GIS Technician to Planning Technician

Abolish IT support Technician (contract IT services out to existing vendor)

Mr. Kaufhold has already initiated the move of the maintenance positions from Parks and Recreation to Public Works and moved Events has moved into Parks and Rec. Since my last report, in the Economic Development department, the position of will be combining Communications Coordinator with Community Engagement Coordinator, there was some overlap in those roles; that position will be part of Administration department. Mr. Kaufhold said these changes have a goal of zero budget impact; Ms Manning said there will be some savings from the reclassifications.

Pay Plan:

Goal is to recommend new plan with salary ranges that are competitive in the market for the job classifications. Those below the market were adjusted to what was consisted with market. Seven employees were being paid below the market, the cost for a full year was around \$31,000, which is more than offset by the savings in the reclassifications.

Benefits, Tihisha Sharif, HR Director:

Some of the benefit recommendations needed additional research to identify costs: 401K, dependent coverage contribution, looking at implementing social security.

Benefits – Medical

I requested additional options from the broker. On our current age banded plan, it would cost me \$2500 per month to cover my family. The employees didn't even have the option to go into the Exchange, because the current plan was an ACA plan. The proposed new plan is based on tiers and is not age banded.

After reviewing the options, we identified a plan (through Aetna), that at no additional cost, we can provide benefits with improved premiums, with no extra costs for the Town, the coverage provided will be the same or better for the employees. With the new plan, there are funds to consider an employer 25% contribution toward dependent coverage, (assumes 100% of enrollment in dependent coverage, which would not be actual enrollment). Considering requiring an affidavit from spouses that if they have coverage at their own place of employment, they would stay under that plan and not move to the Town's coverage. We are still reviewing plan designs presented but it looks promising. I am a big advocate for the employee.

In continuing to try to reduce costs for employees, Ms. Sharif is looking at the Health Reimbursement Arrangement (HRA), set aside in the budget, \$1,000 paid by employer and would help employees with health expenses, still in the process of evaluating whether to offer the HRA to family coverage or employee only.

401(k)

A lot of towns do a 5% with automatic contributions (police it is automatic); we are considering a 3% contribution for all staff with an additional 2% match from the Town for those employees who elect to do more. The impact to budget would be \$30,000, which assumes that there won't be 100% participation -- only 28 employees are currently contributing 3%. The assumption is that employees that aren't doing it now, will be pleased with 3% but will not change their contribution. Ms. Sharif also suggested the Town look at a 457 Plan. The big difference between 457 and 401(k) is that with the 457 Plan, there is not a early withdrawal penalty plus the Mayor and Council could also participate in the 457 Plan. If Council is interested, Ms. Sharif would need a board resolution to proceed.

Ms. Sharif plans a complete roll out with employees so that they understand all their benefits. Ms. Manning added that is important that employees fully understand the value of their benefits.

Councilman Wireman – Can you offer both 401k and 457? He had seen some presentations on the 457 plan and thought it was an interesting program.

Ms. Sharif – You could but it would be administratively difficult to administer both plans. Ms. Manning said there is no prohibition but you have to keep total contributions under the yearly threshold.

Ms. Manning said that these recommendations are very consistent with the survey results within the other jurisdictions and these changes will help recruit and retain top quality employees.

Social Security:

Council needs to make decision about deciding whether to moving forward on it. Then there would be staff education and a vote process.

Mr. Kaufhold is recommending that Council adopt pay and classification plan, benefits and the match to the 401K proposal (or 457).

Costs: For 401k match, \$30,000; for the medical plan – a zero budget impact. The HRA is reserved funds, but it is not always spent.

Councilman Cohn sees the astronomical increases in healthcare and wanted to know how are we able to get an improved plan for same amount. Ms. Sharif responded that the current plan was age banded. She has found from her experience that it cannot be assumed that the agent is showing the right options. It is important to tell the agent what the Town needs so they will work harder. Ms. Manning added that the broker is supposed to bring in competitive quotes to the Town; she added she had never seen a plan like the current Town plan in her entire life. Ms. Sharif also looked into the State plan but they had capped out. Two years ago the Town probably could have been part of it and there may be future availability. Every year's health review will be a different experience.

Ms Manning commended Ms. Sharif for the work she has done getting a better health plan for employees at a lower cost. Ms. Sharif has hit the ground running and this new health plan will be a win-win for the Town and the employees. Ms. Sharif gave Mr. Kaufhold and Ms. Woodward and the finance team credit, it was a team effort. Mr. Kaufhold agreed, Vicki and Branden, and the entire team had a lot of good ideas, and it is a step in the right direction. Mr. Kaufhold would like to pursue speaking with the State about their plan, and the staff will continue to pursue other options.

Councilwoman Stanton: I am excited for the staff; it was exactly what was needed. Just to see the turnaround in the few months since I've been here and it is heartwarming.

Mayor Alvarez stated that this is the most informative, transparent, and employee involved budget meeting he has attended. Council is able to see and understand what is happening. Mr. Kaufhold, staff, and Council, the Town is indebted to all.

Mr. Kaufhold: Recommending moving to a 1.6% - 2% COLA and a merit pool that is performance based. This year there are performance criteria. In December 2015, the Town went through the merit process based upon recommendations by supervisors. Ms. Sharif will have a formal process moving forward with structure performance evaluations conducted on anniversary dates. Performance reviews were conducted inconsistently in the past. Mr. Burhans did performance appraisal on a regular basis. Ms. Manning added that performance evaluations and process are dictated by the Town policy. The Town's HR policies have not been updated since 2005. There a number of changes Ms. Manning is recommending; Ms. Sharif and Mr. Kaufhold are reviewing the draft version. The revisions will also address a pay for performance system. Councilman Wireman stated that documentation for a merit based performance is important, the absence of one is a liability for the Town. Ms. Sharif said anniversary dates were chosen so that employees know what areas they need to work on, and evaluations are important to have the documentation. Ms. Sharif is excited about working with Mr. Kaufhold and the Town to get this done.

Councilman Wireman added that a grievance policy needs to be addressed when reviewing the policies and procedures. The staff has my 110-150% support.

Ms. Manning added that support of Council is important for the staff and this is a real partnership effort. Communicating the policies and procedures to employees is another huge piece and preparing an employee handbook. The study recommendations have been shared with staff.

Ms. Southward asked for consensus from Council on the study recommendations. Process would follow that Council would take action at the next regular meeting.

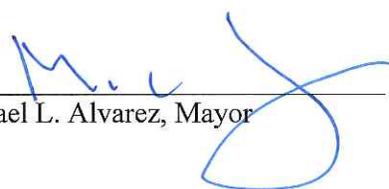
Councilman Wireman, what consensus is being requested for the pay plan? Ms. Manning said this is to get consensus on the structure; it does not change the salaries. There are seven employees whose salaries will need adjustment. Ms. Manning added that the pay plan needs to be adjusted every year. It is Council's statutory responsibility.

Councilman Cohn stated that he never remember seeing HR in a budget meeting and learned a lot.

Councilman Cohn made motion to adjourn, motion approved unanimously.

(SEAL)





Michael L. Alvarez, Mayor

Attest:



Kelley Southward, Town Clerk