



Town of Beaufort, NC

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Town of Beaufort Board of Commissioners Budget Work Session 4:00 PM Monday, May 17, 2021 - Virtual Minutes Draft

Call to Order

Mayor Newton called the meeting to order

Roll Call

Allen Coleman called roll and declared a quorum present for the meeting.

PRESENT

Mayor Everette Newton

Commissioner Sharon Harker

Commissioner Ann Carter

Commissioner Marianna Hollinshed

Commissioner John Hagle

Agenda Approval

Commissioner Hagle made motion to approve agenda, motion carried unanimously.

Items for Discussion and Consideration

1. Discussion of FY 2021-22 Manager's Recommended Budget

John Day: The manager is required to prepare a budget for consideration by the governing board, which needs to be submitted by June 1. We start with the five-year financial plan from the current year, in this case, FY 21, and that informs both the annual budget for next year for FY 22, as well as, the five-year financial plan that's updated for FY 22. Since FY22 budget is balanced using the revenues and expenditures from there as a baseline, the five-year financial plan is also balanced or in a few cases you can see it generates some excess revenues which just go into strengthen

fund balances. There is a possibility of insufficient fund balance for the utility fund in the future. It rose above due to property sale, and we may need that money for the purchase of new property for a new water plant in the future.

The starting point is the FY21 five-year financial plan, that was an approved plan, it seems like the way to move forward is to focus on the changes. Changes in the five-year plan for personnel and operations from FY21 to FY22. Police ammo was moved up from FY 22 and was done in FY21. Moved up is the Fire station, 2 new positions and gear, which is funded through tax revenues from the fire district. Moving up non departmental tech replacements from FY23 to FY22.

New items in the 5-year plan include the Public Works budget, sidewalk hazard repairs, tennis courts, basketball courts (including the fence) and seasonal decorations. The train depot needs some repairs, and also in FY 22 is a vehicle GPS system for public works vehicles and wayfinding improvements.

Water and sewer is requesting an additional position for FY24 to keep up with work. In FY26 we have additional things that are requested, replacing ballistic vests, and crime scene evidence supplies in the police department. Sidewalk repairs that need to be done every few years and a new zero turn lawnmower for public works.

Changes in Capital Items

Public Works FEMA generators were postponed from FY21 to FY22. Changes in Debt service in FY 22, 23 and 24, stormwater, street and utility line debt service (USSI project). We have a better idea of how long it's going to take to do all this, so it's pushing all the debt service payments further into the future which is actually very helpful, because that allows us to do a number of other things. Fire station two pumper debt service is expected to hit in FY22.

New items: Campen Road waterline improvement, a fill station for the fire department, air packs (primarily funded through a grant), Front Street culvert relocation, Police Department communication upgrade (75% funded through grant), a sewer pump station replacement and the addition of a water treatment plant. New items for FY23, second round of contributions for the Front Street culvert relocation, new public works sweeper truck, second year of funding for the sewer pump station number seven replacement, second portion of the preliminary work to prepare for water plant water treatment plant design. New item for FY25 is a new fire department watercraft, USSI project shows up now in FY 25. Sewer pump number 1 replacement is now in FY26, the second-year funding for the sewer pump station number one replacement.

Questions:

Commissioner Hollinshed: So, any one of those items, we can move it up a year, up two years? Or do away with it? Is that correct?

John Day: That's right. And of course, it has impacts on other years.

Commissioner Carter: What about the items that were already on the five-year plan that we may not feel like we need to do all right now? Do we address that at some time? Also, where we are delaying new employees for a couple of years, can these departments wait that long?

John Day: Well, in this case, those are items that are funded by the county. So, it's just a matter of that. Those new employees are scheduled to work at station number two. And water and sewer is scheduled for those years.

Commissioner McDonald: My concern would be what are the essential needs for this budget, that can be moved around? If the flat bottom boat for the fire department wasn't what was best then why is that what we went with.

John Day: I will say, and I don't know how we might work out the funding swaps, but it is a safety issue for the firefighters who man a boat when they're going to a rescue in rough waters. And if you'd like to hear from the fire chief about that I'm sure he'd be happy to.

Chief Ray: It was originally on the 10-year vehicle replacement schedule for FY25. When I brought up the safety of the vessel and replacing it with a much more efficient boat that would change it to a 20-25 years of service.

Commissioner Hagle: But what can the ARP federal funds be used for? And if the boat is a safety hazard, then we need to address that now rather than later and I would like to discuss the HR position.

John Day: It can be used for public health purposes; it can be used for most anything that would you could say it was related to COVID. The only infrastructure needs that are allowed to be funded under it are water, sewer and broadband. It cannot be used for debt.

Commissioner Harker: The additions and the moving around of some of the items that you just presented, I'm assuming that you've gone ahead and spoken with staff to kind of get their sense of priorities as to whether to move it or whether to move it further or move it up closer. Is that correct? This way of using the American Recovery Act, I'm assuming moving that forward with sewer plant might be a good idea. Question for Chief Ray, will the current vessel that we have will it be replaced or are we keeping it?

John Day: That's correct.

Chief Ray: It would be replaced by the current boat we have. The boat allows us to protect the properties that we already protect and serve better.

Commissioner Harker: Boat needs to be brought up sooner.

Mayor Newton: Lets discuss the HR position

Commissioner Carter: We did have a full time HR person and we also did have an employees handbook at one time.

John Day: Well, if there's an old one available, it would be out of date and not useful. And while if the previous incumbent might have been called the full time HR director, I can assure you that position didn't spend full time doing it.

Mayor Newton: Who is doing the HR work now?

John Day: That's split primarily between me and the finance officer.

Mayor Newton: Who is trained to do HR?

John Day: Nobody

Commissioner Hagle: The salary looks fairly high, being around \$80 to 100,000. Is that correct?

John Day: The number that's in the budget includes all the benefits.

Commissioner Hollinshed: I think we should look at hiring a staff attorney instead of HR. And also how will you and Christi fill your time if these responsibilities are taken from you?

John Day: Yeah, I would say that you could probably hire an attorney for what we're spending. I would also argue that I don't think you would want to necessarily hire an entry level person because you get entry level experience. We will continue to do what our jobs are and not have to work extra hours into the night and weekends to accommodate.

Commissioner Hollinshed: Can that whole HR area be outsourced? Can we get some information on it?

John Day: I haven't come across HR being outsourced. We can research it.

Commissioner Hagle: Could this be a part time position?

John Day: It is possible.

Commissioner Harker: If you're going to have one, it shouldn't be part time and should not be having an attorney. If you have a correct HR person in place, you will avoid using those attorney fees. This is what stops you from getting into litigation with your employees.

Commissioner McDonald: I think hiring an HR position would eliminate a lot of problems for the Town of Beaufort and I think it should be a full-time position.

Mayor Newton: Do you think there would be a lot of applicants for the HR position?

John Day: Yes, I do.

Mayor Newton: Commissioners what else do you want to hear from today's work session?

Commissioner Hollinshed: Can we discuss the revenue? Where the figures are coming from? Especially in the revenue portion of the utilities and the funds, and how those are stacking up?

John Day: We can show you the worksheet that is used for figuring that amount of money that the utility fund pays the general fund for services. The revenue estimates, those for both sales taxes and utility fund revenues are discussed in the critical issues.

Commissioner Harker: If the increases continue to show over a course of time will we be able to lower the rates for the people?

John Day: Yes, if we continue to see this increase and funds going into the fund balance then that is definitely something to discuss.

Commissioner Hollinshed: What about the sales tax figures? We know that we are in jeopardy of not this coming fiscal year because the county said they would not touch it right now, but that could change.

John Day: Sales tax is up because of visitors and more people in town. That could change once the pandemic end, we don't know. So we estimate at a fair rate.

Commissioner Hollinshed: Well, one of the necessary evils of being a town Commissioner, is we have the power of the purse, and we could raise taxes. We could even advocate for a special additional sales tax here that's just for Beaufort. We've got all different kinds of tools, but we will have to choose what might be the best, or what we consider to be the best, just as we go.

Commissioner Carter: If you anticipate the potential for losing \$600,000 of taxes then we need to be prepared in keeping our budget is under control now as possible.

John Day: If we go internally to absorb that, I would expect it would probably affect a lot of capital items.

Mayor/Commissioner Comments

Commissioner Hollinshed: Update on town hall opening, masks, railing? We need to just open.

John Day: Railing should be installed no later than the 20th. Town hall masks are required.

Commissioner Harker: Consider opening up through the Front Street entrance.

John Day: We could do that temporarily, but we worry about a safety issue.

Commissioner Carter: I fully agree we need to be open. We need to be able to serve our people.

Commissioner Hagle: Yes, spirited conversation today. What can we probably expect, but I think it was good. But to reiterate what John said, I'm a real strong believer in the five-year plan, it's really enabled us to look out and get things done.

Commissioner Harker: I echo that. Thank you, John and the staff for putting together another comprehensive budget.

Mayor Newton: This board and this town staff has done a tremendous job of providing stability for our community. And despite the storms, despite the pandemic, we are we are thriving. And that's because of teamwork. It's because of tough decisions. This five-year plan has provided immense stability for this community.

Adjourn

Commissioner Hagle made a motion to adjourn. Motion approved unanimously.

Mayor

Deputy Clerk