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City Council Meeting  
Mebane Municipal Building  
*Special Meeting-Budget Work Session*  
Monday, April 22, 2015

The Mebane City Council met for a special meeting at 4:00 p.m. on Wednesday, April 22, 2015 at the Municipal Building located at 106 E. Washington Street for the purpose of a budget work session.

Council members Present:

Mayor Glendel Stephenson  
Mayor Pro Tem Ed Hooks  
Councilmember Jill Auditori  
Councilmember Tim Bradley  
Councilmember Patty Philipps  
Councilmember Everette Greene

Also Present:

David Cheek, City Manager  
Chris Rollins, Asst. City Manager  
Stephanie Shaw, City Clerk  
Jeanne Tate, Finance Director  
Dean Ray, Recreation and Parks Director  
Wayne Pore, Public Works Director  
Terrence Caldwell, Police Chief  
Esther Bennett, HR Director  
Ray Smith, IT Coordinator  
Dennis Hodge, WWTP Director  
Bob Louis, Fire Chief  
Montrena Hadley, Planning Officer  
Cliff Ayscue, Chief Building Inspector

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Mayor Stephenson called the meeting to order.

Mr. Cheek stated the purpose of the work session and explained that he will make an executive overview of the requested budget, then each department head will present their departmental requests. A 2% cost of living adjustment (COLA) was included in the draft budget. Mayor Stephenson questioned if the 2% COLA would be for every employee. Mr. Cheek replied yes. Also included were merit increases and step increases, as designed in the Classification and Pay Plan. Mr. Cheek explained that those increases are based upon individual performance evaluations. Mr. Bradley questioned what the breakdown is between the step increase for those below mid-point and merit. Ms. Tate stated the estimated total for the merit increases is \$29,000 and the estimated step increases total is \$76,000. Mr. Cheek added that 60% of employees are at mid-point or below and would qualify for the step increase. Employee health insurance is proposed to increase 5%. New positions requested are six (6) in the Police Department, one (1) in sanitation and one (1) in utility maintenance. Mr. Cheek outlined major impact items as follows:

- New Fire Station-Full year of operations
- New Police Officers
- Bike and Pedestrian Plan
- New Financial Accounting System
- Information Technology Budget
- Brand Implementation
- UDO Amendment
- Comprehensive Plan Revision
- Minimum Housing-Contracted Inspections
- Economic Development
- Debt Service
  - Community Park
  - Utility Extension- Full year

Mr. Bradley questioned if infrastructure and staffing needs have been looked at in regards to the proposed community park. Mr. Ray replied yes.

Mr. Cheek stated in addition to the previously mentioned items, capital requests items are also in the budget and will be discussed by the department heads during their presentations. With all requested items left in, with no cuts, the budget totals \$17,419,851.

Mr. Cheek then switched to an overview of available revenues. He stated the city's largest revenue source is property taxes. The tax base is growing and staff is projecting 3% growth this upcoming year. There is no proposed increase in the tax rate. He noted that the incentive-based growth will begin to impact the budget next year. Sales tax is strong this year and is projected to increase 5.3% over the current year. Utility franchise tax remains the same. The legislature eliminated the city's ability to levy privilege licenses which will result in a loss of revenue. Proposed permit and inspection fee changes will allow for a slight increase. All estimated revenues totaled \$14,384,572.

Mr. Cheek explained that the balanced budget formula compares total estimated revenues to total projected expenditures and requires any shortfall be closed by cutting expenditures, appropriating fund balance, or a combination of the two. To balance the budget at the requested level, a fund balance appropriation of \$3,035,279 would be required, a much larger amount than has typically been appropriated in the past; Therefore, Mr. Cheek proposed approximately \$1.5 million in cuts would need to be made to the departments' requested budgets. Staff assured Council that the fund balance is strong. Council asked specific questions in regards to the source of how the numbers within the budget are determined. Staff explained the process in determining those numbers.

Wayne Pore, Public Works Director, presented his department's requests which included:

- Various Equipment needs
- Two new positions
- Mobile 311 start up
- Bike & Pedestrian Plan Implementation
- Replacement Trucks
- I-40 Interchange Maintenance
- Water and Sewer Study
- 811 Locate Service
- Relocation of Utilities for the 119 Bypass Project

There was considerable discussion in regards to the maintenance of the interstate interchanges. Council requested that staff have a conversation with the state about the possibility of a wildflower program at the interchanges. Mr. Pore concluded his presentation and Mr. Cheek gave his recommendations of items to be cut as well as those to leave in.

Terrence Caldwell, Police Chief, presented his department's requests which included:

- 4 Patrol Officers
- 2 Criminal Investigators
- Fleet Vehicles
- Replace Animal Control Vehicle
- Phase 1-Mobile Computers Project
- Rifles

Chief Caldwell stated the City is experiencing unprecedented growth, it has been three years since his department has hired additional personnel and the growth warrants the positions he is requesting. Mr. Cheek recommended cutting two of the requested positions and the related capital and equipment, along with the animal control vehicle and the rifles. Chief Caldwell explained the flex shift and manpower allocation. Council and staff discussed options of staffing the department with the additional four instead of six. Mr. Cheek recommended funding all other requests within the police department's budget.

Mayor Stephenson called for a supper break at 6:06pm and called the meeting back into order at 6:20pm.

Dennis Hodge, Waste Water Treatment Plant (WWTP) Director, gave a brief update on the Wastewater 2012 Plan of Action. He presented his department's request which included:

- Equipment for new lab
- Clarifier Drive gear rebuild

Mr. Cheek recommended no cuts in the WWTP budget.

Dean Ray, Recreation and Parks Director, stated that the Mebane Arts and Community Center (MACC) is celebrating its 20<sup>th</sup> year. He presented his department's requests which included:

- Chairs for Arts Center
- Copier
- Icemaker
- Sports Hall of Fame
- Utility Vehicle (Gator)
- Tennis Court Resurfacing

Mr. Ray said renovations at the MACC and Holt Street Park have been completed, and that both projects are within the approved Master Recreation Plan. He added that new signage is being purchased and should be installed at the parks by July of this year. Talks with Orange County about extending trails at Lake Michael are underway. Land acquisition and park development are in the planning phase; with facility development planned for the future. Mr. Cheek stated a few minor cuts were made and recommended deferring the resurfacing of the tennis courts to next year.

Bob Louis, Fire Chief, thanked Council for their generosity to the Fire Department over the last couple of years. He stated his requests are minimal this year and he is basically submitting an operational budget and only three capital items consisting of the following:

- Replacement of Fire Prevention Pick-up Truck
- Mobile Data Terminal Replacement
- VHF Paging System

Mr. Greene stated the city made some changes in the area of communications awhile back and asked for an explanation of the VHF paging system. Chief Louis explained the paging system and spoke briefly about the transition of the 911 communications to the County's central communications. He stated the VHF paging system would allow paid staff and volunteers to be better informed when being dispatched on calls. Mr. Louis stated there has been some rough patches during the transition but staff is working with the County to resolve the issues. Mr. Cheek recommended cutting all capital items except for the vehicle.

Montrena Hadley, Planning Officer, and Cliff Ayscue, Chief Building Inspector, presented their departmental requests which included:

- Comprehensive Plan Review
- UDO Amendment
- Contracted Services for Minimum Housing Inspection
- Hiring of Planner

Mr. Ayscue highlighted twenty-five commercial projects that are under construction. Mr. Bradley questioned what the additional Planner's job would consist of. Ms. Hadley stated the job would be an entry level planning position that would assist her in with everyday functions of the planning office as well as helping with code violations. There was discussion concerning House Bill 548 that was introduced on April 2, 2015 and is entitled to reorganize, clarify, and modernize statutes regarding local planning and development regulation. Mr. Ayscue stated staff recently compared Mebane's permitting fees to those of Alamance and Orange County and is proposing to revise portions of Mebane's Fee Schedule to increase some permitting fees. Those changes would leave Mebane relative to others nearby. Council requested that staff compare the fees to Burlington's fees which would allow for a comparison with a municipality rather than a county. Mr. Cheek recommended funding all their requests in the budget.

Jeanne Tate, Finance Director, presented her department's highlights. She began by explaining changes within her department's budget which included IT being moved to a separate department, an increase of 6.7% in tax collection fees as tax collection increases, and a loss of revenue due to the legislature's elimination of Privilege Licenses for fiscal year 2016 which will

begin July 1, 2015. She stated new financial software is needed and is estimated to cost \$200,000 for the purchase, implementation and training. Mr. Cheek and the Council commended Ms. Tate for the implementing the Debt Setoff program which will increase the collection of past due monies owed to the City.

Ray Smith, IT Coordinator, presented his department's budget requests which included:

- One time Costs for building the city's dedicated network along with the associated contracted services
- Time Warner Metro Ethernet
- Relocation of the Computer Room

Mr. Smith explained with the new network the City will gain security, disaster recovery and an enhanced use of the system with connectivity to all sites and secure sharing. Mr. Cheek recommended leaving in all requested items.

Mr. Cheek presented the administration department's budget which included:

- Continued implementation of the Branding Project
- Charter Review
- Website Redesign
- Continuation of Safety Consultant
- Municode Maintenance

Ms. Tate gave a breakdown of the non-departmental budget requests which included:

- Personnel costs-retiree health, unemployment insurance and allowance for a 1% merit adjustment to be distributed. Retiree health increased by 3.3% based on current retirees.
- Operating costs - property and liability insurance, web hosting and contributions to agencies, with ACTA's reduction largely accounting for the decrease.
- Debt includes the addition of half a year of debt on a new community Park.
- The transfer to White Furniture Project is to be completed in FY15.

Mr. Cheek stated with the cuts he recommended, the budget is in the range of a \$1.7 million appropriation from fund balance. Council requested that staff make more in cuts in order to get the range to \$1.5 million. Council discussed many options in regards to employee salaries, whether they should or should not give COLA, merit and/or step increases. Mr. Hooks suggested only giving COLA with no merits. Ms. Auditori suggested not giving a COLA increase. Mr. Greene stated he felt COLA was necessary. Mr. Hooks made an additional suggestion of giving a 1.7% COLA increase, with half the budget for step increases with no merits. Ms. Philipps suggested giving merits but to cap them at a certain percentage. She expressed the importance of rewarding employees that go above and beyond. Ms. Bennett stated the average merit last year was 1%. Mr. Bradley stated no merits are necessary for those employees that are at or above the mid-point. He suggested giving a COLA to all and only giving step increases to those below the mid-point. Ms. Auditori stated morale is important and suggested possibly taking out COLA and only giving merits and step increases. Council requested that staff revisit the salaries as they try to reduce the appropriation of fund balance to \$1.5 million because it is an area they feel should be reduced.

Ms. Auditori asked to look at the requested police positions again to determine what is needed. Mr. Cheek stated they reduced the original request from six positions to four but he and Chief Caldwell will give the police department budget further consideration. Mr. Bradley stated he is fine with four new positions at the Police Department because he doesn't want to see the City get behind on infrastructure.

Mr. Rollins stated that CBC Americas announced they have chosen Mebane as the location for their new distribution facility.

Mr. Cheek thanked Council for their input and guidance and Council in turn thanked Mr. Cheek and staff for their work done on the budget.

There being no further business, the meeting was adjourned at 8:41pm.

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Glendel Stephenson, Mayor

ATTEST:

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Stephanie W. Shaw, City Clerk