

**Town Council Minutes
Morehead City, North Carolina**

Wednesday, June 3, 2020

The Honorable Council of the Town of Morehead City held a Special Budget Meeting on Wednesday, June 3, 2020, in the Municipal Chambers located at 202 South 8th Street, Morehead City, North Carolina.

This meeting was partially conducted utilizing Zoom Video Communication Inc. software due to the COVID-19 crisis and Governor Cooper's Executive Order 141 prohibiting the gathering of more than 10 people in a single indoor space. Those in attendance were:

COUNCIL PRESENT: Mayor Gerald A. Jones, Jr.; Councilmembers George Ballou, David Horton, Keri V. McCann, William F. Taylor, and Diane C. Warrender.

STAFF PRESENT: City Manager Ryan Eggleston; Finance Director Jewel Lasater, Fire Chief Jamie Fulk, Police Chief Bernette Morris, Deputy Chief Bryan Dixon, Parks and Recreation Director Jerry Riggs, and City Clerk Cathy Campbell.

OTHERS PRESENT: Elise Clouser of the Carteret News Times.

STAFF PARTICIPATING VIA ZOOM: Human Resources Director Susan Nixon, Communications Director Alize Proisy, Planning Director Sandi Watkins, City Planner Mackenzie Todd, Public Services Director Daniel Williams, Assistant Finance Director Leeann Vinson, and Deputy Clerk/Executive Assistant Kathy Eagle.

OTHERS PARTICIPATING VIA ZOOM: Lisa Rueh and Lee Hinson of Downtown Morehead City Inc., Lauren Cullipher, Stephanie Kyle, Curtis and Melissa Oden, Missy Oden, James Swann, and Valerie Wunderly.

Mayor Jones called the Special Budget meeting of the Morehead City Town Council to order at 12:15 p.m. with a quorum present. The purpose of this meeting was to continue discussion of the FY 2020-2021 Proposed Budget. Mr. Eggleston began with the items for which Council had requested more information.

POLICE DEPARTMENT VEHICLE FLEET

Police Chief Morris introduced Deputy Chief Bryan Dixon who has worked extensively this year to prepare a vehicle replacement schedule. The report was distributed. The report categorized each vehicle of their fleet into one (1) of four (4) different conditional categories based on a point system. Points were assigned for age, miles/hours, types of service, reliability,

maintenance and repair costs, condition, and energy efficiency. These categories were presented as:

- Condition I: Under 18 Points – Excellent
- Condition II: 18 to 22 Points – Good
- Condition III: 23 to 27 Points – Qualifies for Replacement
- Condition IV: 28 Points and Above – Needs Immediate Consideration

Eleven (11) vehicles were categorized as Condition I, eight (8) were categorized as Condition II, thirteen (13) were categorized as Condition III, and eighteen (18) were categorized as Condition IV.

The conditional rating for each vehicle changes over the five (5) year replacement schedule based on projected mileage and condition. Estimated replacement cost includes the purchase of the vehicle and all necessary equipment.

Noting that only three (3) of the eighteen (18) Condition IV vehicles are budgeted for replacement in FY2020/2021 and that loan rates are very low, Councilmember Horton suggested that the City borrow the funds necessary to replace them all. Mr. Eggleston suggested a one-time use of the General Fund balance rather than paying additional loan interest.

In response to a question, Deputy Chief Dixon explained that he prefers an SUV to a car because it provides sufficient space for all required gear and is more versatile in maneuvering through different terrains. The cost difference is typically about \$2,000 per vehicle. For police package vehicles, Dodge Durangos and Chargers have proven to be the preferred options.

Mayor Jones asked Mr. Eggleston to present a recommendation for consideration at the June 9, 2020 meeting.

CAPITAL IMPROVEMENT BUDGET

At this time, Mr. Eggleston asked if there were any other capital improvement items the Council would like to discuss.

Councilmember Horton stated that he was supportive of a Stormwater Fund; however, he was not in favor of taking the funds from the Water/Sewer Fund to establish it, and would rather use these funds for slip lining. When asked, Public Works Director Daniel Williams stated that, some of the less pressing issues could be delayed. There was no expressed consensus to alter the proposed appropriation.

Councilmember Ballou proposed that another \$500,000 be put into the budget for paving anticipating that the expected Powell Bill funds may be cut by as much as fifty (50) percent. He stated that if staff is not comfortable doing it at this time, the proposal of additional paving money should be revisited in December when re-evaluating the status of collection rate and unassigned fund balance. Mr. Williams confirmed that \$1.2 million was spent on paving projects in FY2019/2020 with some of this being rolled over from the prior year. Mr. Eggleston stated that

it is important to follow the 5-year Capital Improvement Plan to ensure that one item is not cut short while trying to benefit another, and to ensure that the General Fund is not diminished beyond a safe margin. Councilmember Taylor suggested that road expense should be considered an operational expense since it requires continuous improvements. Mr. Williams was asked to update and provide a current roadway paving plan at the November meeting with the FY2020/2021 projects identified. The plan should also address sidewalks and drainage. Councilmember Taylor also suggested that a portion of the funds be used to secure a contracted engineer to assist in overseeing paving and other large projects.

Next, Councilmember Horton stated that Recreation part-time salaries appear high in light of diminished staffing and activities, and requested that the Recreation budget be re-evaluated.

Councilmember McCann asked if provision is included in the budget should a property opportunity for Fire Station #3 become available. Mr. Eggleston responded stating that no funds were included in the budget, but that a budget amendment could be approved if needed. The cost analysis for Station 3 should be complete and tentatively scheduled to be presented at the August meeting.

SCHOOL RESOURCE OFFICERS

City Manager Ryan Eggleston distributed and reviewed a report on Payment of SRO Positions. The Morehead City Police Department provides SROs to five (5) schools: Morehead Primary, Morehead Elementary at Camp Glen, Morehead Middle School, West Carteret High School and Bridges Alternative. The total cost for SRO salaries and overhead is \$468,881.51 of which Morehead City pays \$200,363.41. The following funding information was provided:

Morehead Primary	This is the only position 100% funded by the City (\$94,428.01 - \$16,052.76 Patrol duty; \$78,375.25 SRO). The Board of Education can reapply for a grant this year for this position even though a prior grant was not received.
Camp Glenn	The salary is high because this is a lieutenant position who serves the school and is the supervisor of other SRO positions. The City can reapply for a grant this year even though a prior grant was not received. (\$110,994.83 - \$16,050 County pledged; \$18,869.12 Patrol Duty; \$76,075.71 SRO)
Morehead Middle	Total salary and overhead is \$87,423.66. The state awarded a one-year grant for \$33,000 and the County agreed to pay \$16,050. The City pays \$33,000 (44%) of this position (\$14,862.02 Patrol Duty; \$23,178.64 SRO)
West Carteret High School	Total salary and overhead is \$94,428.01. The state pays 83% (\$78,690.01) of this position, which is passed through county finance to the city. The County makes no direct contribution to support this position. 17% of this officer’s time is used for patrol duty (2 summer months) valued at \$15,738.00 so the City pays nothing for the SRO time.

Bridges Alternative	Total salary and overhead is \$81,607. The City pays a total of \$36,607 (\$13,873.19 Patrol Duty; \$22,733.81 SRO) to this position. The State pays 55% (\$45,000) of this position.
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It was agreed that the County should fund a higher percentage of the SRO expense for these county schools; however, student safety will not be compromised if they do not. SROs were likened to an insurance policy; you hope you will never need them, but you do not want to be caught without them if you do. Previously, the Council appointed an Ad Hoc committee to work with the County to discuss funding for regional services such as SROs. It was also suggested that other communities could share in the cost as their residents attend these schools as well.

In a discussion about the two SRO positions that were not funded this year, it was explained that patrol officers were used to fill the SRO positions. The same is proposed for the upcoming school year as the positions are now frozen due to the COVID-19's funding impact. This impacts Department staffing; however, these officers can be pulled from the schools if necessary. Chief Morris stated that she prefers to have City officers in the schools as the City becomes responsible for their actions. She fully supports using city officers to staff the positions.

MARLIN BASEBALL

Parks and Recreation Director Jerry Riggs provided an update on the Marlin's Baseball season. Mr. Bengel, Vice President of Riverfront Sports and Entertainment Group, Inc. reports that they continue to plan for a July 1, 2020 season start while waiting the governor's approval. The league includes teams from three different states all of which must be authorized to open in order for the season to begin. Plans will be in place to accommodate social distancing and cleaning requirements when authorization is received.

The City facility lease runs from May 1 to September 9. Mr. Eggleston explained that when the budget was initially prepared, there was no indication that the Marlin's season would be possible; therefore, rental income was reduced to reflect this. There has been no request for a lease reduction.

As a side note, Mr. Eggleston shared that the County's proposed tax increase, if approved, will have a significant direct impact on future sales tax revenues for the town. Sales tax revenues are tied collaboratively with everyone within the county. Any time a tax is increased within the county, sales tax is reduced. Therefore, the County's tax increase will result in a significant decrease in sales tax revenue beginning in FY2021/2022.

POTENTIAL EMS TRANSPORT REVENUE

Fire Chief Fulk presented and reviewed a report on potential EMS transport revenue. He stated that the City collects about 64% of billable fees with about 36% resulting in contractual allowances and write-offs. Accounting for the proposed fee increases, he stated that the potential revenue increase is estimated to be about \$168,000.

In addition, Chief Fulk followed up on the question about reducing fees to the Blue Cross/Blue Shield allowable rate for individuals who do not have insurance. He stated that it is possible to do this; however, it is recommended that the City continue to make accommodations on a case-by-case basis to ensure true need and to minimize transport abuse.

A lengthy discussion followed with no changes being requested.

LIBRARY

Mayor Jones stated that facing a difficult budget year and in light of the library being closed due to COVID-19, the manager's proposed budget did not include funds to support library operations for FY2020/2021. In response, several individuals have volunteered to help staff the library.

Councilmember Horton shared that one of the primary concerns with continuing the library is the building maintenance costs. He stated that the library building is not owned by the City and that the City has no control over repair costs. Currently, the Webb Foundation retains approval authority over repairs, but provides no funds towards upkeep. This is something the Council must address. He also noted that Carteret County has not included the traditional \$50,000 contribution in their budget.

The Council was in favor of funding some level of library operations. Mr. Eggleston was receptive to operating the library with a combination of paid part-time employees and volunteers once Governor Cooper's directive authorizes it. The budget will be amended to support operations based on this reduced model.

Councilmember Warrender thanked the Friends of the Library for sharing their thoughts and ideas with the City, and asked that they share the same with the County in order to encourage them to continue their support.

OTHER

Mr. Eggleston stated that amendment sheets would be provided at the June 9, 2020 meeting reflecting the changes requested by Council. Following adoption, Council will receive a final adopted budget document.

Councilmember Horton asked if the two percent (2%) discount in sales tax would be included in the budget. Mr. Eggleston stated that it would not. State statute requires that such changes must be made at or before the April meeting.

There being no other business to discuss, Mayor Jones adjourned the meeting at 2:22 p.m.

Attest:

Cathy Campbell, City Clerk

Gerald A. Jones, Jr., Mayor