

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

Tuesday, June 10, 2019

The Honorable Council of the Town of Morehead City met in Special Session on Monday, June 10, 2019, in the Municipal Chambers located at 202 South 8th Street, Morehead City, North Carolina. Those in attendance were:

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

STAFF PRESENT: City Manager Ryan Eggleston, Fire Chief Jamie Fulk, Finance Director Jewel Lasater, Deputy Police Chief Bryan Dixon, Communications Director Alize Proisy, Interim Parks & Recreation Director Jerry Riggs, IT Director Jon Snyder, Planning Director Sandi Watkins, Public Services Director Daniel Williams, Tax Collector Shirl Meadows and City Clerk Cathy Campbell.

OTHERS: No one apart from staff and council were present.

Mayor Jones called the special meeting of the Morehead City Town Council to order at 12:02 p.m. with a quorum present. The purpose of the meeting was to answer any remaining questions regarding the proposed FY 2019-2020 budget.

City Manager Ryan Eggleston reminded Council that the budget was drafted with the goal of migrating away from a position of using reserves to pay for future capital projects to a position whereby the Town creates an ongoing revenue stream that will support these projects. He stated that capital projects are typically defined as projects that fall above a set dollar threshold and have an extended lifespan. Finance Director Jewel Lasater confirmed that the Town's capital project threshold is \$10,000.

Wishing to move away from the accounting definition of capital projects, a couple of councilmembers pointed out that vehicles are consumable tools that employees need to do their jobs and street maintenance is a continuous annual expense. Items such as these should be viewed as operating expenses rather than capital projects. They stated that it is Council's responsibility to ensure that adequate funds are available to support ongoing operations. Mr. Eggleston said the \$.05 cent tax increase is proposed as a planning tool to prepare for these ongoing operations and items to be included in the 5-year plan.

The Unassigned Fund Balance is projected to be at \$2.7 million. This does not include the FEMA reimbursement or the \$857,817.00 street maintenance carryover funds. Of the estimated \$1.7 million expected from FEMA, \$1 million will go back into the Water/Sewer Fund, and the remaining \$700,000 will be added to the Unassigned Fund Balance. It is expected that these funds will be received in the September/October timeframe; however, this is not guaranteed. Councilmember Ballou asked if the \$857,817.00 could be used to fund most of the

five (5) designated capital projects: \$116,310 for Phase I Stormwater Services, \$128,600 for new Street Sweeper, \$170,000 for Sugarloaf Island Shoreline Stabilization and Dredging, \$238,000 for Paving and Resurfacing, and \$300,000 for Shevans Park Playground Renovation. Mr. Eggleston stated that it could.

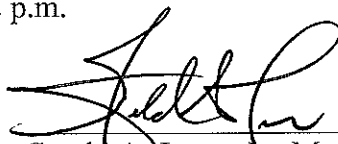
A discussion followed over whether a tax increase was necessary, and if so, at what amount. Ms. Lasaster reported that the budget includes a \$203,000 Contingency for the General Fund, which now includes the previous Fire Fund. Mr. Eggleston reminded Council that the Town has been allocating more annually to the Unassigned Fund Balance than receiving in revenue; therefore, he recommended that the projected projects be postponed, if a tax increase is not desired, to ensure adequate funds are available in the case of another catastrophic event. In addition, he reminded Council that another \$1 million in departmental capital requests were removed from the budget that will be presented again next year.

After much discussion, it was suggested that a \$.03 cent tax increase be proposed resulting in an additional \$600,000 in revenue. It was further suggested that this revenue be used to fund the Shevans Park Playground Renovation (\$300,000), Phase I Stormwater Services (\$116,000), and Sugarloaf Shoreline Stabilization and Dredging (\$170,000). The remaining funds could be added to the Unassigned Fund Balance or utilized, along with an additional \$14,000 from the Unassigned Fund Balance to purchase the street sweeper (\$128,600). It was further suggested that the \$857,817 be utilized for street maintenance as originally designated. Mayor Jones asked Mr. Eggleston to do everything possible to present between a \$.02 and \$.025 cent tax increase.


In closing, Mr. Eggleston presented an amendment to the Budget Ordinance for Council consideration. Section VI. Authorization and Limitations included the addition of a deputy budget officer, omitted the wording “nor any contingency appropriation” from Item B, and added Item C, “Contingency appropriations for emergencies only can be authorized by the City Manager. Any contingency appropriation shall be report to the Council at the first Council meeting following the appropriation. No contingency appropriation other than those for emergencies may be transferred within any annually budgeted fund without approval from the Council.”

ADJOURNMENT

Mayor Jones adjourned the meeting at 1:12 p.m.


Gerald A. Jones, Jr., Mayor

Attest:


Cathy Campbell, City Clerk