

**GARNER TOWN COUNCIL
BUDGET WORK SESSION
MINUTES
MAY 13, 2010**

The Garner Town Council met in a budget work session on Thursday, May 13, 2010 at 1:00 P.M. in the Town Council Meeting Room to discuss the following topics in the FY 2010 - 2011 Proposed Budget.

Council Attending: Mayor Williams, Council Members Kennedy, Singleton, Behringer, Johns and Marshburn

Others: Hardin Watkins, Town Manager; Rodney Dickerson, Assistant Town Manager; Lin Jones, Finance Director; Sonya Shaw, Parks and Recreation Director; Brandon Zuidema, Police Chief; Garner Volunteer Fire Department: Phil Mitchell, Chief; Matt Poole, Assistant Chief; Joe Sample and Steve Woodall, Board member; Garner Emergency Medical and Rescue: Bill Frederick, Chief and Vance Haywood, Deputy Chief.

1. **Request from the Garner Volunteer Fire and Rescue Department, Inc. (GVFRD) Presented by Matt Poole and Phil Mitchell**

Major Changes Since Loss of Funds. Mr. Poole said major changes have occurred since January 12, 2010. The accounting has been taken over by JA Lucas. Mr. Poole said he deals with the auditor who was recommended by the Wake County Auditor. The following new procedures have been implemented as recommended by the auditor: Adjustments to the time sheet process, no cash on hand, no blank checks on hand, review of financial statements once a month by the board and segregation of duties. Some functions pass through more than one person. A Deputy Chief position was created to help with accountability. Mr. Poole said all changes recommended by the accounting firm were made immediately. The budget will be broken down into line items for more efficient accounting. The GVFRD Board meeting agendas will be presented to the Board and Mayor Pro Tem Behringer. They are working with the County to develop a standardized budget. They also want to improve relations with any support affiliations.

Mr. Poole said he is working with County staff on developing a standardized budget template for next year.

Station 4 Budget Submittal. Per Wake County's request, a budget was submitted to the County in the amount of \$390,881. The \$314,532 budgeted for personnel includes a total of seven positions. For each engine, a Captain, Lieutenant and Fire Fighter is required. Station Four is expected to go into operation in late November. The Wake County Fire Commission should approve the staffing at their meeting tonight. The seven new staff should be hired by July 1 when the Wake County Fire Academy begins; the operating budget will be effective January 11, 2011.

Mr. Poole said the County did not take into account some start up costs. For example purchase of lawn equipment since they must maintain the grounds and uniforms. This presents an additional \$77,545.

Budget Submittal for Stations 1,2 and 3.

Council Member Singleton asked about the line item for contract labor and asked if any fire fighters have been paid from that fund. Mr. Poole said in the past some of the funds for part time staff came out of contract labor. Council Member Singleton asked if all compensation is paid in checks. Mr. Poole said yes. Mr. Poole said the only cash they deal with is from Fireman's Day concessions. From this money, they pay for charities, t-shirts; the remainder goes to the Burn Center. Mr. Singleton asked if in the past, they have paid according to Fair Labor Standards Act, including over time at time and a half. Mr. Poole said yes and added that they aren't required to pay for holidays, but they do.

This budget does not include a new engine. Mr. Mitchell said they added an engine into the total we are requesting. Mr. Mitchell said they have an engine to go to Station 4, but it is one that is scheduled to be replaced. The truck is a 1992 model that has over 100,000 miles and needs major repairs.

Council Member Singleton asked the projection of undesignated fund balance at end of year. Mr. Poole said \$175,000 as of November at low money market and cash in the bank.

Council Member Kennedy asked what is the true undesignated fund balance. Mr. Poole said he will get this figure as of the end of year. Mr. Kennedy asked if the Council can call the CPA to get this information. Mr. Poole said he requests as a professional courtesy that they go through him regarding financial matters. Council Member Singleton said in the past they have not had answers.

Council Member Marshburn asked Mr. Poole to share information about the hiring practices. Mr. Poole explained that this year they are hiring more than ever and are trying to get a large applicant pool. Requirements are a reading comprehension test, agility test, oral interviews with some from operations, a Board member, and fire chiefs from other agencies. The Chief makes a recommendation to the Board of Directors. Captain or promotions require an assessment center with a written test, oral interview and a table top fire situation. Council Member Marshburn asked if there is a requirement for the Board of Directors to be fire fighters. Mr. Poole explained it is a seven member Board with five volunteers for five years. Two outside members are selected by the chair and voted on. Mr. Poole said they are in the process of looking at this process.

Council Member Singleton asked for a copy of the by-laws.

Mayor Williams asked if the bookkeeper position has been eliminated. Mr. Poole said yes and they have separated a lot of those duties. He said they are doing things they should have been doing in the full time role. Mr. Poole said he grew up in fire services and has worked on several different committees. He said they have a number of new projects and can't look at the past.

Council Member Singleton said that all financial aspects had been handled by one person in past with no checks and balances. He said he had a problem with one person having that much control. Mr. Woodall they were audited every year and nothing was found. Mr. Singleton said it was found because she made a mistake. Council Member Singleton said he is

frustrated this happened over a decade and he had a problem that she was given all of that control. The Fire Department allowed her to out fox everyone; that is not a way to do business. Council Member Singleton said it appears Mr. Poole is trying to make things transparent. These changes are too late. Council Member Singleton said the Town is looking at a flat fee payment to the Fire Department rather than a portion of the tax rate. For budget purposes, they will have set payments.

Council Member Singleton said the \$394,000 would have hired 3 fire fighters over three years. Council Member Kennedy said that Mr. Singleton was right. Garner is the third fastest growing municipality in the County. In order to meet needs, we have got a lot to address including public safety. It is the Council's responsibility to assure adequate planning in the Urban Service Area and will require planning on our parts. Council Member Kennedy said the Council has been asking for six years the amount of fund balance; transparency is a giant step forward.

Mr. Poole said the County has neglected to come up with start up costs at Station Four. The total amount needs to be addressed by both Town and County. Council Member Kennedy said he has had concerns about the hiring practices and is glad to see improvements. He said they want to address duplication of rescue services and does not recommend it be done under current Fire Department management. Also, between now and July they need to address the issue of nepotism. Mr. Poole said Wake County's contract states a family member can't serve on the Board of Directors and staff can't directly supervise a family member. Council member Kennedy said these matters will be addressed in the Town's agreement as well. The management issue of Board structure should establish a fashion where Town has a more active role. The Ad Hoc team will continue to discuss the long term relationship with the Fire Department. One thing they may recommend is to engage a consultant to evaluate all alternative situations that can arise and make recommendations.

Mr. Poole asked if the Council sees a lot of changes that need to be made to get budget passed; they had everything laid out except the Engine for Station 4. Mr. Mitchell said the County sets the price at \$340,000. Mr. Poole said the Town pays for one fire fighter.

Council Member Kennedy suggested they take the budget they developed and any minor changes to be made, take out the debt service on last page, get to the "bare bones" and then start adding back special things of which the Town makes payments.

The Council took a ten minute break,

Motion: Marshburn
Second: Behringer
Vote: Unanimous

Council Member Kennedy said there must be a logical reconciliation of the Town and County budgets. After discussion it was decided to:

Action: 1) See what happens with the Wake County budget, 2) Mr. Jones and Mr. Poole will get together and add back all things being requested whether agreed to or not, plus the cost of Station 4. Offer the Town's contribution, 3) Bring final budget numbers to the 5/18 meeting.

Council Member Marshburn asked Mr. Poole if he feels that all necessary changes have been made to move forward and did he have reasonable assurance of the likelihood that accounting problems are behind him and other changes need to be made. Mr. Mitchell said these new procedures seem to be working. A lot of ands are working together and it gets better every month as we do this. Unless something major happens, we will continue. Mr. Mitchell said Mr. Poole is bringing new light to the operation and there are more changes than what you see. Mr. Poole has attended all of the evening budget meetings. If more changes need to be made we can look at that on down the road.

Mayor Williams asked where they will get the money for legal fees. Mr. Woodall said the person who is accused of taking the money was bonded and they hope to get bond money back if she is indicted.

2. Garner EMS and Rescue
Presented by: Bill Frederick and Vance Haywood

Council Member Marshburn asked Mr. Fredrick if he had any concern about continuing to provide the same level of service. Mr. Frederick said no, the same level of service will continue. Mr. Frederick said over the years, the organization lost a long time chief and he has been devoted to rebuilding staff. In 2008 he was hired as chief and spent the first six to eight months learning and looking at how to be stronger. There was an office assistant who was managing accounts, but could not write checks. We learned that errors were made and have since corrected; there is a checks and balances system put in place. Mr. Frederick said they are moving forward with heavy rescue services for the Town with two dedicated rescue trucks and a medical transport that has been on the road for one year. They will keep those divisions operating out of the main station. Mr. Fredrick said his and the assistant chief's salaries come out of medical transport and rescue. One ambulance will be parked at the station, two will be stationed around Garner and one will be parked at Fire Station Four. Wake County will assume the debt service on four ambulances.

Mr. Frederick said service has not and will not change.

Action: Received budget presentation.

3. Miscellaneous Discussion

Council Member Johns asked how many town employees we have. Mr. Watkins said 158 full time and 9 part time, seasonal and hourly. He asked the salaries of the three staff proposed to be discharged. Mr. Watkins said there is a savings of \$300,000 which includes freezing two full time positions, eliminating three full time positions and reducing hours of two positions. Mr. Watkins added that with the elimination of three positions they are restoring the position of an IT specialist. Council Member Johns said that the cost to the Town is \$52,000 for the receptionist, \$62,000 and \$74,000 for the inspector positions, totaling \$188,000. He said he has compassion for people and it hurts to see anyone discharged; everyone wants to work and needs to work. He suggested the Council consider not discharging any employees and take ½ hour from each town employee a week to save those positions.

Mr. Watkins said the Financial Capacity Document recommended looking at staff efficiency and he did not feel there is an interest in raising taxes. Unfortunately we find ourselves in this situation with the worst revenue forecast in his experience and memory. Street resurfacing has been removed for a cost of \$500,000. We felt these are the least needed positions.

Council Member Kennedy said the Manager did what the Council asked; but Council Member Johns has put a proposal out there.

Council Member Marshburn said if we take the half hour of work week, 26 hours per week for each employee, how much would be. Mr. Watkins said he does not know the legalities of that action.

Mr. Dickerson referred to the Reduction in Force justification for the receptionist. It is felt the office assistants could handle walk-in customers and the phone system can handle calls. He presented a list of solutions to the Council.

With the Inspector positions, they looked at work load indicators, the amount of revenue being generated and level of inspections. The Enforcement Inspector is staying busy and working on new initiatives. Development activity has decreased substantially. In 2007, 1104 permits were issued with \$925,000 in revenues. In 2009, 780 permits were issued with revenue of \$295,000. Inspectors are grouped, electrical and mechanical, plumbing and building. Combined trades were compared with baseline data; therefore, one plumbing and one electrical and building inspector positions are recommended to be eliminated.

Council Member Marshburn said he hears Council Member Johns concerns, but he feels the Manager has tried to make a tough decision on this budget. He said he feels it prudent and necessary and he support his recommendation.

Council Member Kennedy said this year it is left to staff to look internally for budget cuts. If cuts happen next year we need to eliminate any need to be arbitrary and need to look at an efficiency study to see if this will save us dollars. He said he is not sure what an efficiency study would bring about, but he feels needs to be done.

Mayor Williams said he hopes we never go to an automated phone system. Mr. Watkins said he has not contemplated an automated attendant.

Council Member Kennedy said he supports elimination of the receptionist position; this is not personal.

4. Decision Packages

Mr. Dickerson presented recommendations for decision packages. No changes were recommended.

5. Parks and Recreation

The Parks and Recreation Department has developed a new program budget request. Ms. Shaw said with this new system, they can break down the cost of programs and any supply cost associated with classes, which tells the minimum people to pay for a class.

In the Celebrations and Events budget, we can capture all costs of events and it tells what areas we need to cut back on.

The cost recovery for classes for up to age 12 is 50%, ages 13-18 is a 75% recovery, adults is a 100% recovery and seniors is a 0 overall recovery depending on instructor costs.

Council Member Marshburn asked about concerns from the Rosemoor residents regarding the July 3 Celebration. Ms. Shaw said she talked to individual residents. Ms. Williford's (subdivision developer) daughter said she has concerns with the lighting. The Town is offering some incentives to residents for the inconvenience.

The remaining topics will be discussed during the 5/18 budget meeting.

Review Revenue Forecast

Review Expenditure Estimates

Provide Overview of Capital Finance Research Being Conducted by Davenport and Company

Continue Fire Department Discussions
Other Budget Topics

Adjourn: 7:30

Motion: Kennedy
Vote: Unanimous

Respectfully Submitted,

Judy Bass