

**Town of Garner**  
**Town Council Special Meeting Minutes**  
**May 24, 2017**

The Council met in a special session at 8:30 a.m. in the Garner Police Department Training Room located at 912 7<sup>th</sup> Avenue.

Present: Mayor Ronnie Williams, Mayor Pro Tem Kathy Behringer, Council Member Buck Kennedy, Council Member Ken Marshburn and Council Member Gra Singleton. Council Member Johns was absent.

Staff Present: Rodney Dickerson-Town Manager, Matt Roylance-Asst. Town Manager-Operations, John Hodges-Asst. Town Manager-Development Services, Brandon Zuidema-Police Chief, Forrest Jones-Public Works Director, Michael Gammon-Budget & Special Projects Manager, BD Sechler-Human Resources Director, Tony Beasley-Inspections Director, Sonya Shaw-PRCR Director, Rick Mercier-Communications Manager, and Stella Gibson-Town Clerk.

Also Present: Matt Poole, GVFR Chief

Recommended Budget Overview - Fiscal Year 2017-18

Mr. Dickerson, Hodges, and Gammon

Introduction of the Budget Team: Rodney Dickerson-Town Manager, John Hodges-Assistant Town Manager-Development Services, Matthew Roylance-Assistant Town Manager-Operations, Pam Wortham-Finance Director, Michael Gammon-Budget and Special Projects Manager

General Fund Budget Overview

Total Recommended Budget: \$33,234,362

- Increase of \$2,525,073 (8.3%) over FY 2016-17 Adopted Budget
- Base Revenue Increase of \$1,306,204
- Increased use of other Financing Sources Increase of \$1,218,869

Property Tax Rate Recommended to remain unchanged at 53.25 cents per \$100 of assessed valuation

- Seven New Positions (Five Full-Time; Two Supplemental)
- Total Debt Service - \$3,924,469
  - Total Bond and Public Financing Debt increase of \$331,623
  - Total Vehicle and Equipment Financing Debt decrease of (-\$6,576)

Revenue Savings Plan allocation of \$847,519

Continue the Street Resurfacing Program - \$475,000

- Revenue Modification

Vehicle & Equipment Replacement (VERT)

- Total FY 2017-18 Replacements Valued at \$722,000
- Four Year Installment Financing - \$672,000
- Unassigned Fund Balance - \$29,500
- Powell Bill Fund Balance - \$20,500
- Public Facilities Repair & Maintenance Team (PFRM)

- Inaugural Process; \$1 million of identified projects
- Total FY 2017-18 PFRM Projects Values at \$31,250

Expenditure by Category:

Category	Amount	%
Personnel	\$15,623,421	47.01%
Operations & Maintenance	\$10,810,979	32.53%
Debt Service	\$3,924,469	11.81%
Capital Outlay	\$1,183,000	3.56%
Transfers	\$1,132,519	3.41%
Operating Capital	\$295,130	.89%
Professional Services	\$264,844	.80%
<b>Totals</b>	<b>\$33,234,362</b>	<b>100%</b>

Expenditure by Function:

Category	Amount	%
General Government	\$7,398,362	22.26%
Public Safety	\$12,453,251	37.47%
Debt Service	\$3,924,469	11.81%
Solid Waste & Recycling	\$1,930,692	5.81%
Transportation	\$3,236,662	9.74%
Cultural & Recreational	\$3,158,407	9.50%
Transfers	\$1,132,519	3.41%
<b>Totals</b>	<b>\$33,234,362</b>	<b>100%</b>

Budget Priorities:

1. Manage New and Existing Operational Costs
2. Utilize Technology and Tools to Improve Service and Workplace Efficiency
3. Provide Comprehensive Benefits to Retain and Attract High-Performing Personnel
4. Enhance Capital Planning Process and Funding Strategy

Ad Valorem Tax Base and Rate

Tax Base	Adopted FY 2016-17	Projected FY 2016-17	Estimated FY 2017-18
Real Property Valuation	\$2.730b	\$2.732b	\$2.770b
Personal Property	180m	179m	179m
Public Service	114m	118m	118m
Vehicles	246m	258m	269m
Total	\$3.270b	\$3.287b	\$3.336b
<b>Estimated Value Lost on Appeal</b>	<b>-\$20m</b>	<b>-\$18.3m</b>	<b>-\$6.5m</b>
<b>Total Property Valuation</b>	<b>\$3.250b</b>	<b>\$3.268b</b>	<b>\$3.329b</b>

- FY 2016-17 assessed values are projected to exceed the original adopted budget by approx. \$18 million dollars (.6%).
- FY 2017-18 assessed values are estimated finish the fiscal year approx. \$79 million higher than the adopted FY 2016-17 budget (2.44%).
- There is still approx. \$6.5 million of property still under appeal as a result of the Wake County 2016 revaluation.

Property Tax Estimate:

<b>Tax Base</b>	<b>Estimated FY 17-18</b>
Real Property Valuation	\$2.770b
Personal Property	179m
Public Service	118m
Vehicles	269m
<b>Total</b>	<b>\$3.336b</b>
Estimated Value Lost on Appeal	\$6.5m
<b>Total FY 2016-17</b>	<b>\$3.329b</b>
<b>Tax Rate</b>	<b>\$.5325 per \$100</b>
FY 2017-18 Tax Levy	\$17,729,733
Less Estimated Uncollected (.81%)	(142,733)
<b>Total Anticipated Collections</b>	<b>\$17,587,000</b>
<b>One penny on the tax rate is equal to:</b>	<b>\$330,272</b>

Recommended Personnel Additions

- FY 2017-18 requested budget included 17 new full-time and two new supplemental personnel requests.
- The following positions have been recommended:
  - One Full-time Fire Inspector (6 Months) - Offsetting reductions in Supplemental Hours
  - One Full-time Code Enforcement Officer III (6 Months) - Offsetting reductions in Supplemental Hours
  - One Recreation Program Specialist (3 Months) - Transition Part-Time employee to Full-Time
  - One Senior Planner (12 Months) - Planning Department Re-Organization; No Budget Impact
  - One Full-time Planner I (6 Months) - Partially offset through one-time salary savings
  - One Supplemental Communications Specialist (9 Months)
  - One Supplemental Police IT Specialist (6 Months) - Associated With Body Worn Camera Expansion and specialized departmental needs

Cost of Existing Employee Health Benefits

<b>Benefit Type</b>	<b>FY 2014-15 Budget</b>	<b>FY 2015-16 Budget</b>	<b>FY 2016-17 Budget</b>	<b>FY 2017-18 Budget</b>
Group Insurance	\$1,142,720	\$1,221,063	\$1,635,124	\$1,932,259
Retiree Healthcare	\$199,045	\$226,886	\$325,729	\$351,694
Health Reimbursement	\$100,800	\$81,300	-	-
<b>Total</b>	<b>\$1,442,565</b>	<b>\$1,529,249</b>	<b>\$1,960,854</b>	<b>\$2,283,953</b>
% Change	10.65%	6.01%	28.22%	16.48%
Total \$ Change	\$138,850	\$86,684	\$431,605	\$323,099

- Budgeted costs of employee health benefits have increased by \$841,388 over the last four fiscal years.
- Costs have increased \$754,704 over the last two fiscal years alone (49.35%).
- Cost of providing employee health benefits will continue to be an ever-important consideration for the foreseeable future.

#### Decision Packages (Non-Personnel)

- Enhance “It’s Showtime” Performance Series
  - Offsetting Revenue
- Snow Plow: \$6,000 (Powell Bill)
- Unified Development Ordinance
  - To be funded over three fiscal years (\$50k - \$100k - \$50k)
- Body Worn Camera Program Expansion
  - FY 2017-18 Costs Offset Through Federal Grant

#### Manage New and Existing Operational Costs – Debt Service

- Total proposed debt included in the Recommended FY 2017-18 budget is \$3,924,469.
- This includes \$3,268,407 of Bond and Public Financing Debt.
  - Increase of \$331,623 (11.3%) over FY 2016-17
  - Increase is the result of the Meadowbrook purchase and debt re-financing.
  - The recommended budget includes \$656,062 of proposed vehicle and equipment related debt.
  - Decrease of \$6,576 (-1.0%) from FY 2016-17
  - Decrease is the result of retiring the FY 2014-15 vehicle installment debt (\$712,000) and more accurate pricing for vehicle and equipment purchases.

#### Manage New and Existing Operational Costs – Fund Balance

- In total, the FY 2017-18 budget recommends the use of \$1,943,421 from various sources of Town Fund Balance.
- The largest use, \$1,157,631, is dedicated towards bond debt as part of the Town’s debt capacity model. (\$6.9 million)
- One-time use of unassigned fund balance: \$584,869
  - Police Department Radio Replacement: \$225,000
  - Fire Department Radio Replacement: \$150,060
  - First installment of Unified Development Ordinance: \$50,000
  - Parks Comprehensive Plan Update: \$37,000
  - Small Public Works Equipment (VERT): \$29,500
  - Public Works Building B Roof Repair (PFRM): \$24,850
  - Fire Department Small Vehicle Replacement (Cost Share): \$20,329
  - YMCA Capital Pledge: \$20,000
  - Replacement Police K9 and Bite Suit: \$9,180
  - IT Replacement Computers: \$18,950

#### Debt Capacity Model Calculations

	FY 2017-18
2013 Appropriations	\$759,047
2.75 Cent Tax Allocation	908,249
Water/Sewer Capacity Fees	443,480
<b>Total Revenues</b>	<b>\$2,110,776</b>
	FY 2016-17
Total Pre-Bond Ref. Debt	\$1,613,019
Total 2013 Bond Ref. Debt	1,655,388

<b>Total Debt</b>	<b>\$3,268,407</b>
	FY 2016-17
Difference	<b>(\$1,157,631)</b>

Manage New and Existing Operational Costs – Fund Balance

- Public Safety Reserve: \$81,298
  - The Town added nine Garner Firefighter positions (six months) and two Garner Police Officer positions (six months) in FY 2016-17. The Town utilized a 1.5 cent property tax increase to fund these positions.
  - The amount of revenue generated by the 1.5 cent property tax increase was greater than the cost of funding the positions. The Town was to retain the overage for use in the FY 2017-18 budget to offset the cost of funding these positions for 12 months.

Revenue	Amount
FY 2017-18 1.5 Cent	\$495,409
Public Safety Reserve	\$81,298
<b>Total</b>	<b>\$576,707</b>
Positions	Amount
<b>Nine Firefighter</b>	<b>\$464,257</b>
<b>Two Police Officers</b>	<b>\$123,776</b>
<b>Total</b>	<b>\$588,033</b>

- Use of Powell Bill Fund Balance: \$40,223
- \$28,000 from Park Equipment Reserve Fund for Bleacher Replacement at Garner Recreational Park
- \$6,400 from Lake Benson Park Reserve Fund for shelter roof repairs (PFRM)

Projected Fund Balance

FY 2015-16 Total Fund Balance		\$26,660,852
Estimated Increase in FB		691,315
FY 2016-17 Total FB		27,352,167
Less:		
Restricted FB	3,365,749	
Committed FB	3,607,880	
Revenue Savings Plan	1,121,016	
Assigned FB	2,193,421 <sup>1</sup>	
Total Reductions		(10,288,066)
Unassigned FB		\$17,064,101
30% Fund Balance Policy		(\$9,630,553)
Unassigned Fund Balance Above Policy Minimum		\$7,433,548 <sup>2</sup>

1. Amount includes the \$1,943,421 of proposed use of fund balance in the FY 2017-18 Recommended Budget and \$250,000 of assumed carryover encumbrances from the FY 2016-17 budget.
2. Amount includes the remaining \$4,055,204 of original \$6.9 million of Bond Debt Capital Reserve.

Manage New and Existing Operational Costs – Revenue Savings Plan

- Fourth year of the program that dedicates a portion of revenue growth to meet annual debt service for capital projects.
- Savings plan revenues are projected to increase 3.87% over the FY 2016-17 budget, this is expected to generate \$205,859.
- Remember, the Revenue Savings Plan is cumulative in effect year-over-year. Thus, the total FY 2017-18 Revenue Savings Plan allocation is \$847,519.

Fiscal Year	RSP Amount
FY 2017-18 RSP Revenue	\$205,859
FY 2016-17 RSP Total Allocation	\$641,660
<b>Total</b>	<b>\$847,519*</b>

\* Amount to be added to the \$1,121,016 already accumulated in the Revenue Savings Plan, bringing the total in the plan to \$1,968,535.

Manage New and Existing Operational Costs – Street Resurfacing

- FY 2017-18 budget includes \$475,000 for the Street Resurfacing Program; a \$75,000 increase from FY 2016-17.
- Budget Team is strategically re-aligning the Town’s revenues generated from the Motor Vehicle License Tag Fee (Car Tags).
- Allows better utilization in line with the Town’s current authorization.
- Also provides flexibility should the Town wish to change the way it uses this revenue in the future.

Manage New and Existing Operational Costs – Vehicle & Equipment

- FY 2017-18 is also the third full fiscal year of the formalized Vehicle and Equipment Replacement Team (VERT) program.
  - VERT has recommended \$722,000 of vehicle and equipment replacements.
  - Installment financing of \$672,000 is recommended for a majority of the purchase (larger vehicles and equipment).
  - Recommend using fund balance to purchase some smaller mower and equipment replacements.
  - This recommendation represents only a portion of vehicle and equipment replacement recommendations made by VERT.

**FY 2017-18 Vehicles & Equipment Replacement Summary**

**Parks, Recreation, and Cultural Resources**

Mini-Bus Replacement \$59,200

**Police**

Eight Vehicle Replacements \$308,688

**Inspections**

One Vehicle Replacement \$23,000

**Information Technology**

One Vehicle Replacement \$21,112

**Public Works**

Dump Truck Replacement \$112,000

Wheel Loader \$98,000

Wide Area Mower Replacement \$50,000

Two Mower Replacements	\$24,000
Two Trailer Replacements	\$14,000
Utility Vehicle Replacement	\$12,000
<b>Total</b>	<b>\$722,000</b>

#### Manage New and Existing Operational Costs – Public Facilities

- FY 2017-18 is the first fiscal year to include the new Public Facilities Repair & Maintenance (PFRM) process.
- Committee process (similar to VERT) with representatives from multiple departments.
- Committee evaluated requested projects on specific criteria related to legal mandates, safety concerns, facility user groups, strategic priority linkage, and useful life of the facility.
- Committee evaluated 33 projects that would total \$1 million to entirely complete.
- Budget Team is recommending two high scoring projects from the list for inclusion in the FY 2017-18 budget:
  - Public Works Building B Roof Repair
  - Lake Benson Park Shelter Roof Repairs/Shingle Replacement

#### Utilize Tools and Technologies to Improve Service and Workplace Efficiency

- Departments identified several tools that are needed to improve efficiency and/or avoid personnel increases:
  - Development Services Software \$89,000
  - Document and Content Mgmt Module \$34,880
  - Time and Attendance Software \$51,838
  - ArcGIS License Upgrade \$9,000
  - Asset Management & Work Order System \$46,815
- Funding not identified for any of these for 2017-18
- Staff will continue to map manual processes and identify process improvements
- Technology Replacement Fund
  - Prepare for recurring expenses such as Police laptops (\$95,000) or server replacements (\$10,000 - \$25,000)
  - Maximize life expectancy of major technology purchases
  - Spread funding burden across multiple operating budgets
  - Recommended Next Steps
  - Develop process and criteria
  - Include investment schedule in revised CIP process
  - Commit annual funding

#### Provide Comprehensive Benefits to Retain and Attract High-Performing Personnel

- Human resources are vital to the Town's success in all areas. Approximately 47% of the FY 2017-18 budget is allocated for salaries and benefits.
- The performance-based merit system is proposed to be fully funded in the FY 2017-18 budget. The cost of merit as *budgeted* is \$314,152 (or 3.30% of July 1st salaries). This total cost is \$12,988 higher compared to the FY 2016-17 budget.
- Total personnel costs are increasing 4.63%
  - Group Insurance\*: 18.17% increase
  - FICA: 1.37% increase
  - Longevity: (3.07%) decrease
  - Overtime: (.4%) decrease

- Temporary Salaries: (1.74%) decrease
- Retirement Contribution: 5.12% increase
- \* Group Insurance is: Health Insurance, Dental Insurance, Disability Insurance, and Life Insurance

#### Enhance Capital Planning Process and Long-Term Financial Strategy

- Create a working multi-year financial forecast to guide both the Town's operating budget decisions, but also influence the long-term planning for a more robust Capital Improvement Plan.
- Town has a defined debt capacity, with additional bond sales left to undertake.
- Town on the brink of explosive developmental growth that will bring new operational demands.
- Also bring new infrastructure the Town will be responsible for maintaining into the future; in addition to the infrastructure we are already responsible for.
- Continuation and expansion of current programs – VERT, PFRM, Street Resurfacing, Stormwater Study, and IT Infrastructure.

#### FY 2017-18 Base Revenue Overview

	<b>FY 2016-17 Adopted*</b>	<b>FY 2017-18 Recommended*</b>	<b>Difference</b>
Property Tax	\$17,231,362	\$17,714,800	\$483,438
Permits & Fees	1,994,760	2,336,573	341,813
Other Taxes and Licenses	5,880,800	6,383,000	502,200
Intergovernmental Revenue	3,343,598	3,294,918	(-48,680)
Sales and Service	448,417	521,068	72,651
Interest Earnings	100,000	160,000	60,000
Other Revenue	268,800	163,582	(-105,218)
<b>Total</b>	<b>\$29,267,737*</b>	<b>\$30,573,941*</b>	<b>\$1,306,204</b>

#### Sales Tax Estimates

<b>Month</b>	<b>Amount Collected</b>	<b>Change from Previous FY</b>
July	\$446,088	(-6.24%)
August	502,625	16.28%
September	487,558	6.65%
October	489,657	15.16%
November	502,004	10.27%
December	610,478	8.74%
January	409,485	8.12%
February	437,590	6.62%
<b>Total YTD FY 2016-17</b>	<b>\$3,885,486</b>	<b>8.05%</b>

FY 2016-17 Sales Tax growth has been much stronger than originally expected. FY 2015-16 fiscal YTD was 3.32%.

<b>Type</b>	<b>FY 2016-17 Budget</b>	<b>FY 2016-17 Estimated</b>	<b>FY 2017-18 Projected</b>
1% Sales Tax	\$2,601,000	\$2,775,107	\$2,860,500
.5% Sales Tax	3,051,700	3,224,893	3,364,500
<b>Total</b>	<b>\$5,652,700</b>	<b>\$6,000,000</b>	<b>\$6,225,000</b>





Council consensus to place on a future agenda to evaluate filling part-time Administrative position effective January 1, 2018, based on revenues at that time.

Council Member Marshburn expressed the need to be sensitive to position requests from other Town Departments.

**Economic Development Partners**

- FY 2017-18 Budget marks second year of the Town’s Economic Development Partner designation.
- The Chamber of Commerce appropriation used to be located in Special Appropriations – Subsidized Programs.
- The Garner Revitalization Association used to be a stand alone division of the Economic Development Department.
- The two key partners have now had their annual appropriations merged into the new Economic Development Partners division of the Economic Development Department.
- Starting on Program Summaries – Page 63 of the budget document, the FY 2017-18 Garner Chamber of Commerce appropriation is \$33,000 (the same amount from FY 2016-17).
- The Garner Revitalization Associations appropriation is \$17,039, a \$200 increase from FY 2016-17.

**External Agency Funding Partners**

<b>Program Partners</b>	<b>FY 2016-17 Appropriation</b>	<b>FY 2017-18 Recommended</b>
Garner Baseball, Inc.	\$64,900	\$64,985
Garner Civitan	\$21,344	\$21,749
Miss Garner Pageant	\$3,500	\$3,500
Garner Towne Players	\$23,650	\$23,650
Capital Area Soccer League	\$16,535	\$25,405
GAYSL	\$12,830	\$15,840
Optimist Basketball	\$22,500	\$22,500
<b>Total</b>	<b>\$166,259</b>	<b>\$177,629</b>

<b>Subsidized Programs</b>	<b>FY 2016-17 Appropriation</b>	<b>FY 2017-18 Recommended</b>
American Legion	\$1,000	\$1,000
Community of Hope	\$7,295	\$7,295
CoRPUD Utility Bill Assistance	\$14,173	\$14,173
Garner Area Ministries	\$3,898	\$3,898
Garner Ed. Foundation	\$10,000	\$10,000
GMHS Marching Band	\$1,699	\$1,699
Garner PAAL	\$3,000	\$3,000
INTERACT – Family Violence Prevention	\$3,000	\$3,000
Resources for Seniors	\$3,939	\$3,939
YMCA Capital Campaign Pledge	-	\$20,000
<b>Total</b>	<b>\$48,004</b>	<b>\$68,004</b>

## Budget Schedule

- Additional discussion/public hearing scheduled for June 5, 2017 to receive public input.
- Special Economic Development public hearing also scheduled for June 5, 2017.
- Proposed FY 2017-18 Budget Adoption – June 20, 2017.

Mr. Triezenberg reviewed the need to change the Assistant Planning Director position to Planning Services Manager to be more consistent with planning departments in peer communities. Salary grade and range would remain the same.

Council consensus to place on June 5, 2017 Consent Agenda.

Council consensus to support the Planner 1 position as part of the budget process.

Council Member Kennedy suggested staff look at the number of plan submittals and provide a possible way of eliminating the majority of paper involved. Plan and justify how to amend permit fees or submittal application fees to offset software costs of \$89,000. He also asked he would be supportive of creative ways to provide workplace efficiency.

Council consensus to further discuss the 2 entry level positions requested in the Police Department.

Mr. Dickerson presented the proposal from PEG Media to employ one of their employees on a full-time basis. PEG Media would return half of the PEG funding the Town currently pays on an annual basis. Last year that amount was \$27,500. Included in the budget is a supplemental position for 9 months at \$22,760. This would be a full-time position next year. PEG Media would provide computer equipment.

Council consensus to authorize this position as full-time and recognize revenue from PEG Media.

Council Member Kennedy asked to work towards making the calculations for the Revenue Savings Plan easier to calculate. Mr. Dickerson advised this will be added to the Law and Finance Committee agenda for consideration.

Council Member Singleton expressed concerns regarding enforcement of compliance issues. He also asked that when the new Town Hall is opened and the property is being maintained, that all of the campus be maintained; the campus needs to have a cohesive look.

Council consensus to discuss further at the next Work Session.

Adjournment: 3:13 p.m.

Motion: Kennedy  
Second: Singleton  
Vote: Unanimous