

INFORMAL PUBLIC BUDGET WORKSHOP

Four Council members and the Mayor attended, this constituted a quorum and resulted in the need to officially call a council meeting to order.

The Washington City Council met in a continued session on Monday, May 7, 2012 at 5:30pm in the City Council Chambers at the Municipal Building. Present were: Archie Jennings, Mayor; Doug Mercer, Councilman; Ed Moultrie, Councilman; William Pitt, Councilman; Bobby Roberson, Mayor Pro tem; Josh Kay, City Manager; Cynthia Bennett, City Clerk. Councilman Richard Brooks was absent.

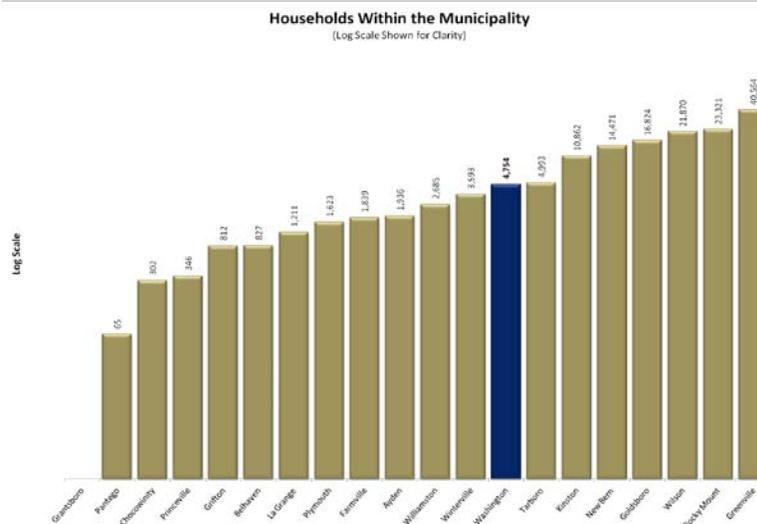
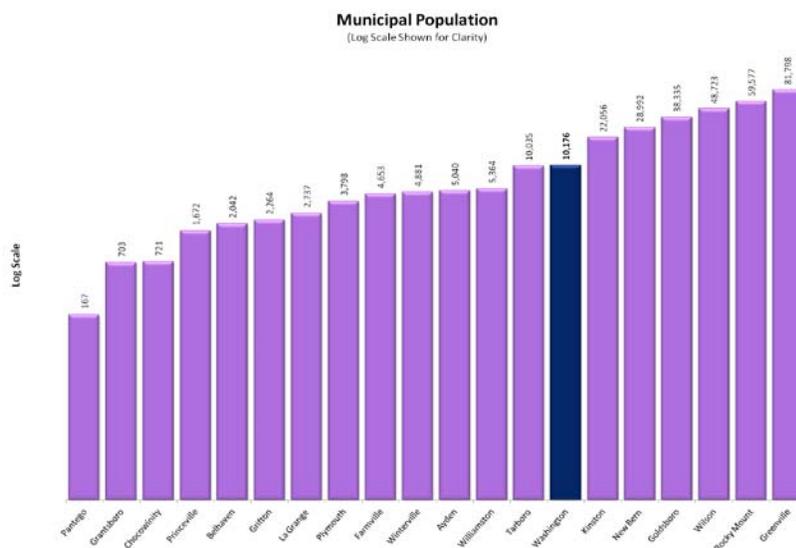
Also present were: Matt Rauschenbach, Chief Financial Officer; Anita Radcliffe, Assistant Finance Officer; Allen Lewis, Public Works Director; Keith Hardt, Electric Director; Susan Hodges, Human Resources Director and David Carraway, IT Dept.

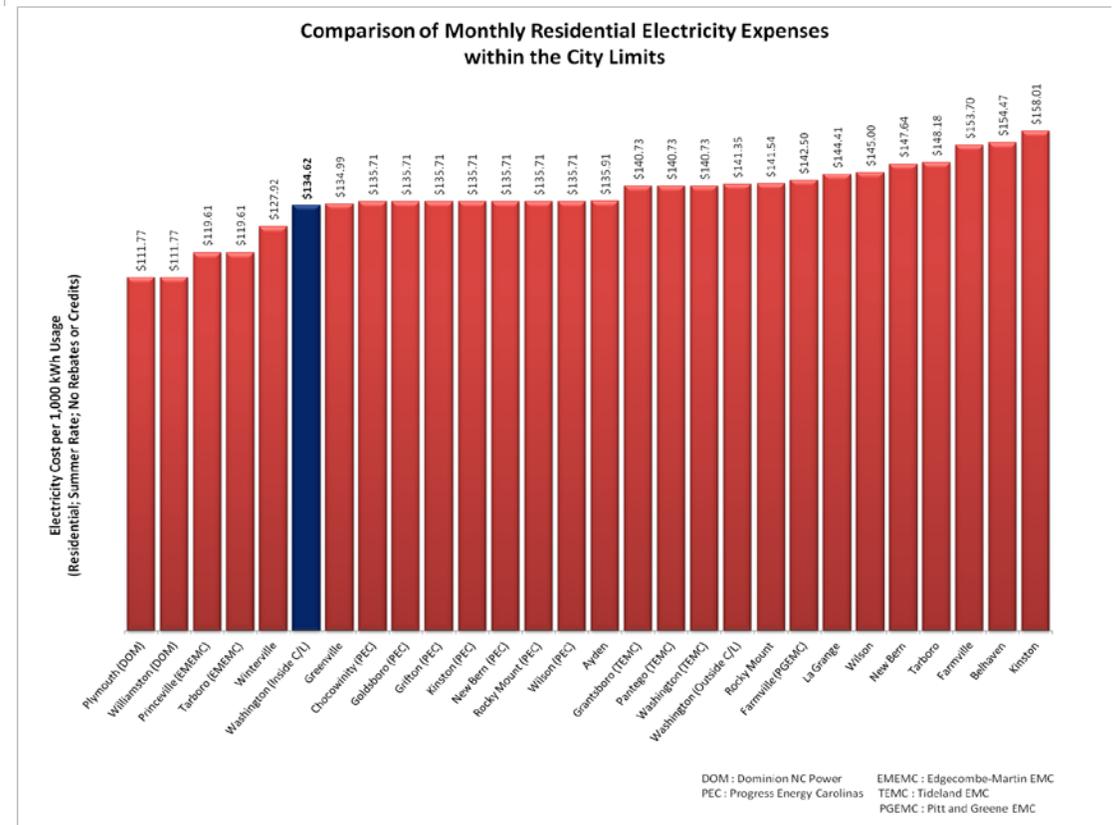
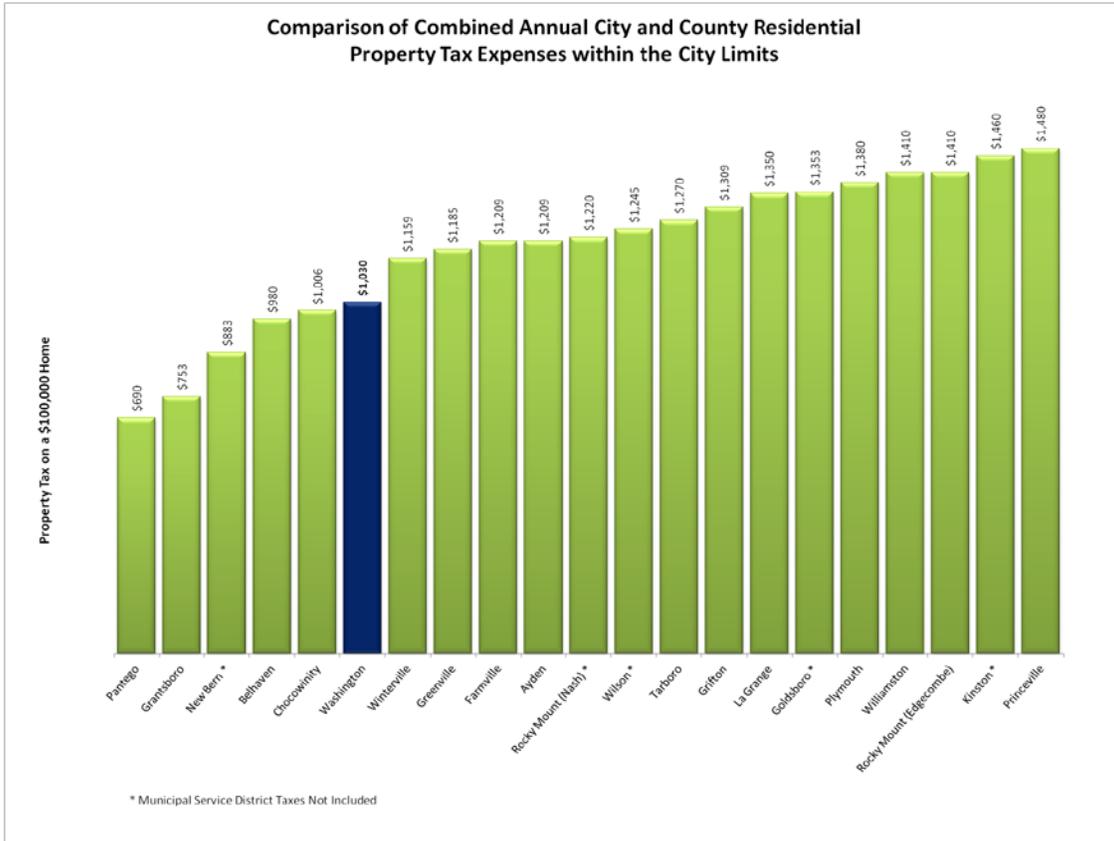
Mayor Pro tem Roberson called the meeting to order.

Competitiveness of Rates

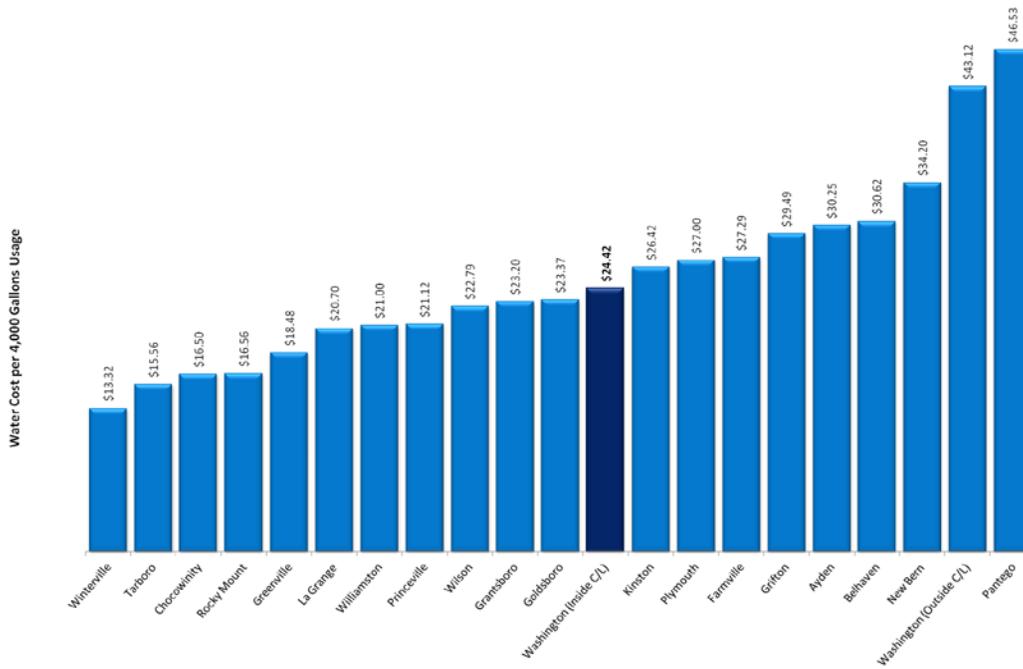
- Analysis By Fund
 - Revenue
 - Proposed
 - Assumptions & Scenarios
 - Expenses
 - Overview of major categories
 - Personnel
 - Operations
 - Capital
 - Debt

Competitiveness of City Rates

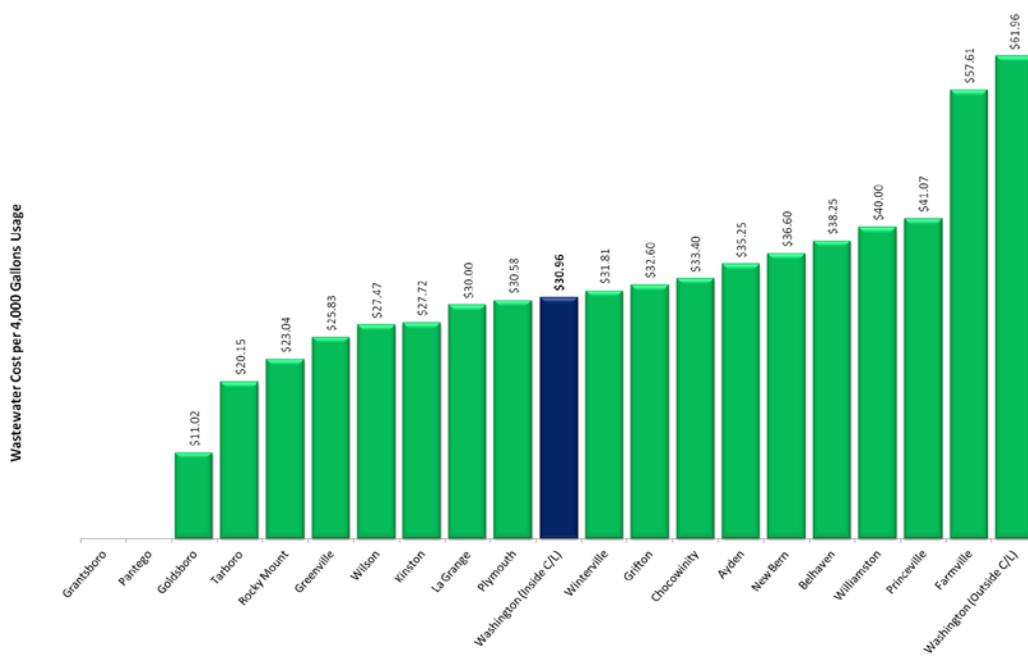


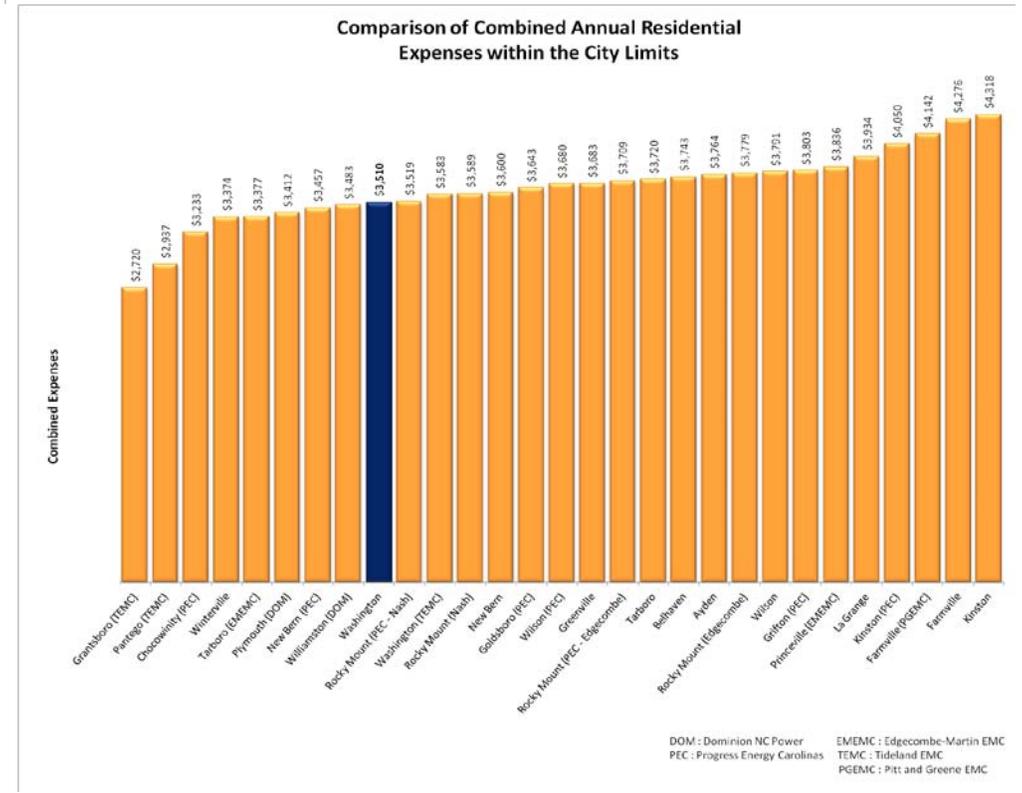
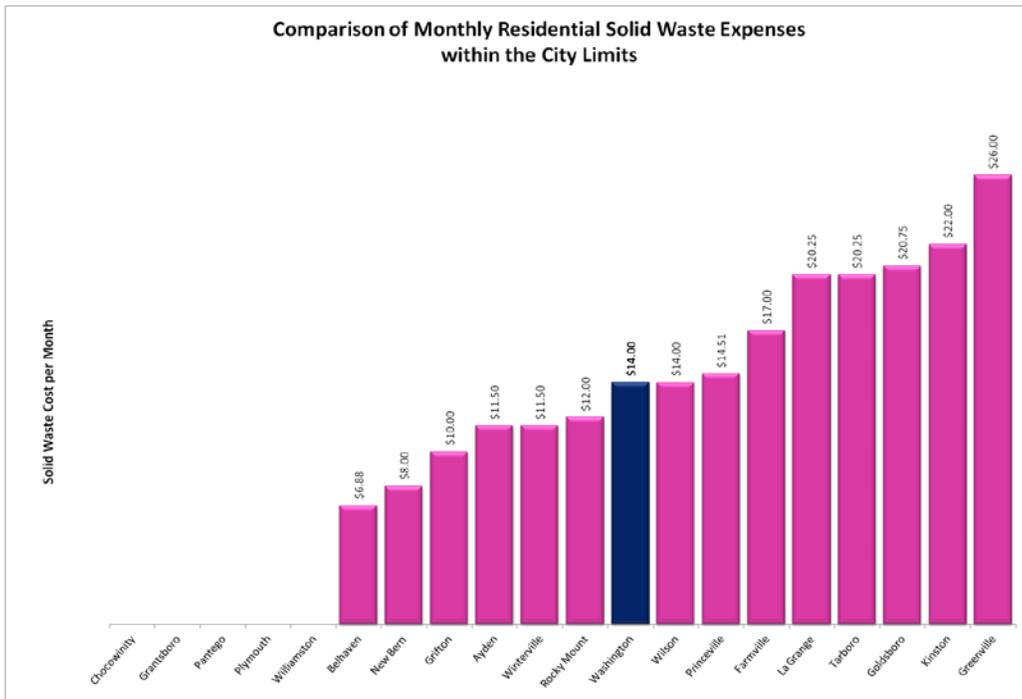
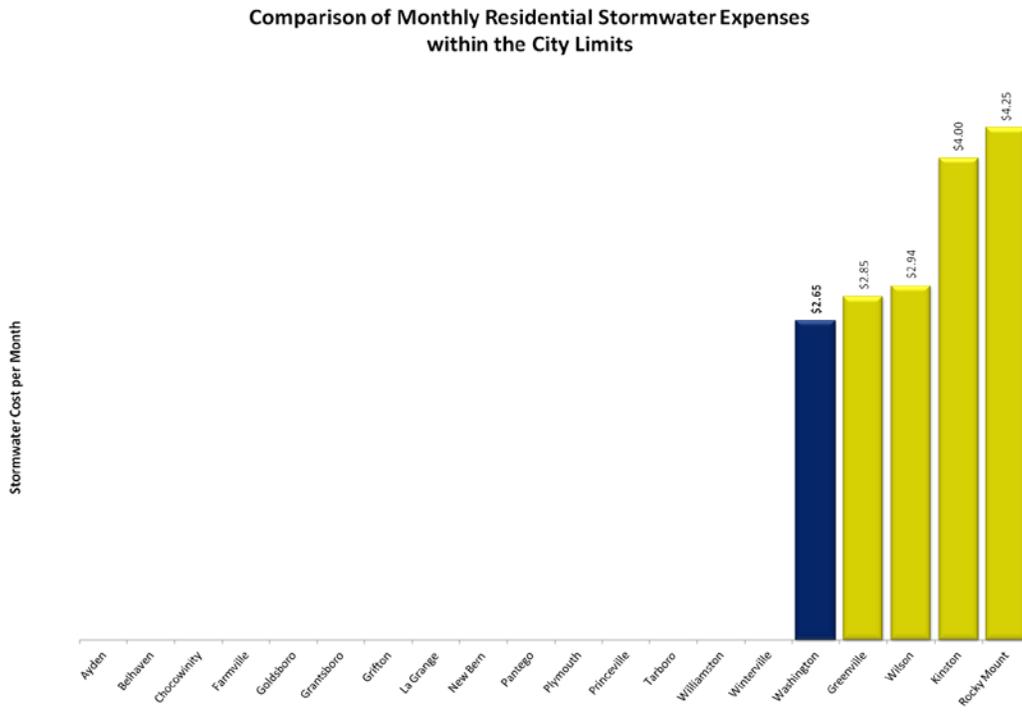


Comparison of Monthly Residential Water Expenses
 within the City Limits



Comparison of Monthly Residential Wastewater Expenses
 within the City Limits





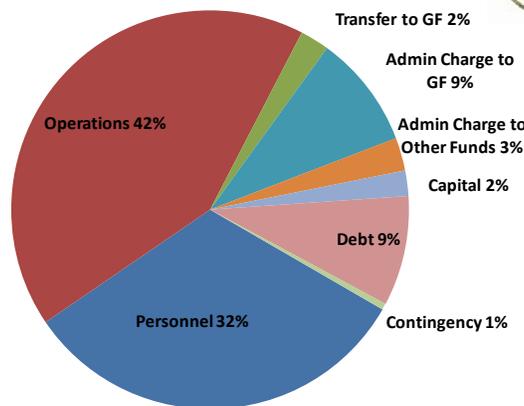
Water Fund Revenue

- Revenue
 - Proposed 2012/2013: \$3,051,737
 - 2009/2010 Actual: \$3,050,348
 - 2010/2011 Actual: \$3,141,656
 - 2011/2012 Budget: \$3,165,647 (Projected: \$3,269,007)

- Major Components
 - Transition to flat block rate
 - No impact on customers
 - Sales & Service: \$2,900,000
 - 09/10 Actual: \$2,926,974
 - 10/11 Actual: \$3,013,313
 - 11/12 Budget: \$2,850,000 (Projected: \$2,920,000)
 - Installment Note Proceeds: \$38,000
 - No fund balance appropriated

Mr. Kay stated the City is transitioning to a flat block rate for water usage. This would impact two large water customers (Flander’s Filters and Vidant Beaufort Hospital). It is the recommendation of staff to have a separate rate code for these two water customers and freeze them at their current rate for three years. The grace period will give the two large customers the opportunity to review and learn about the new rate structure which actually serves as a conservation measure. Council reviewed the pros and cons of granting these two large water customers the three year grace period. Council, by consensus agreed to the three year grace period/transition period regarding flat block rates for water. There is no impact on residential customers. The rate doesn’t change until the customer reaches 50,000 cubic feet of water. Council also discussed the need to review all fees charged by the City. The fee schedule will be discussed on May 29th.

Water Fund Expenses



- Proposed: \$3,051,737
- Personnel – \$980,261 (32%)
 - Proposed 2012/2013: 15.5 FTE’s
 - 2010 - 2012: 15.5 FTE’s
- Operations - \$1,286,889 (42%)
 - \$300,000 budgeted for complete AMR installation

- Debt - \$271,890 (9%)
 - 2002 Refunding P&I: \$269,715 (June 2014 payoff)
 - New 59-month Installment P&I: \$2,175 (3 months only)
- Administrative Charges to the GF: \$280,087 (9%)
- Administrative Charges to Other Funds: \$82,208 (3%)
- Capital - \$63,000 (2%)
 - Replacement of #413: \$38,000
 - Rehab of Tractor (#553): \$10,000

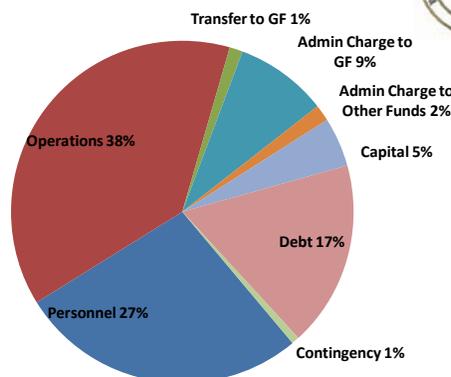
- Shelter for Tractor: \$15,000
- Transfer to GF: \$71,963 (2%)
 - 2011/2012 Budget: \$143,926
- Contingency: \$15,439 (1%)

Mr. Kay stated \$300,000 is budgeted for AMR installation, this will complete radio read installation. Councilman Mercer asked staff to get him the number of AMR meters in place and the number of AMR meters needed to complete the program. Allen Lewis, Public Works Director noted that even when the program installation is complete, that AMR meters will still be budgeted as replacements will be needed.

Sewer Fund Revenue

- Revenue
 - Proposed 2012/2013: \$3,222,139
 - 2009/2010 Actual: \$3,106,929
 - 2010/2011 Actual: \$3,113,026
 - 2011/2012 Budget: \$3,373,156 (Projected: \$3,359,461)
- Major Components
 - No rate changes
 - Sales & Service: \$3,030,000
 - 09/10 Actual: 2,937,486
 - 10/11 Actual: \$3,025,805
 - 11/12 Budget: \$3,020,000 (Projected: \$3,030,000)
 - Fund balance appropriation: \$150,000

Sewer Fund Expenses



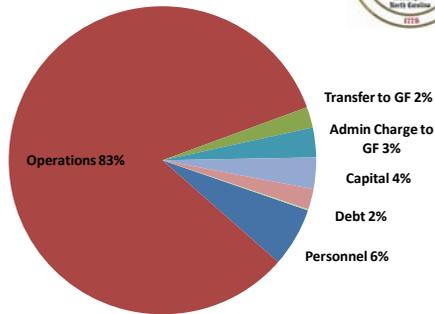
- Proposed: \$3,221,139
- Personnel – \$877,907 (27%)
 - Proposed 2012/2013: 15.5 FTE's
 - 2010 - 2012: 15.5 FTE's
- Operations - \$1,235,098 (38%)
 - No major changes in operations
 - \$45,000 for rebuild of #2 degritter
- Debt - \$564,735 (17%)
 - State Revolving Loan P&I: \$213,271 (pay-off May 2025)
 - Includes new debt for Main & Respass Lift Station
 - 2002 Refunding P&I: \$147,091 (pay-off June 2013)
 - 1997 Sewer Bonds P&I: \$173,855 (pay-off June 2013)
 - Installment Purchase P&I: \$30,518 (pay-off January 2013)
- Administrative Charges to the GF: \$281,121 (9%)
 - 2011/2012 Budget: \$280,932
- Capital - \$150,000 (5%)
 - Replacement of sewer flusher: \$90,000
 - Penn & Haven lift station generator: \$60,000
- Administrative Charges to Other Funds: \$49,675 (2%)
- Transfer to GF: \$40,532 (1%)
 - 2011/2012 Budget: \$81,064
- Contingency: \$23,071 (1%)

Allen Lewis, Public Works Director explained that each of the 32 sewer lift stations/pump stations require a backup generator.

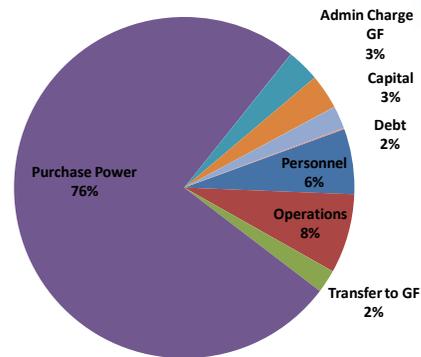
Electric Fund Revenue

- Proposed: \$38,593,923
 - 2009/2010 Actual: \$39,850,660
 - 2010/2011 Actual: \$40,738,203
 - 2011/2012 Budget: \$39,546,095
 - Estimate: \$39,623,476
 - Hurricane Irene Reimbursement: \$1,050,000
- Major Components
 - Sale of Electricity: \$36,814,840
 - 2009/2010 Actual: \$36,685,361
 - 2010/2011 Actual: \$38,666,148
 - 2011/2012 Budget: \$36,651,859
 - Estimate: \$36,755,305
 - Installment Note Proceeds: \$1,060,000

Electric Fund Expenses



Electric Fund Expenses



Electric Fund Expenses

- Proposed: \$38,593,923
- Personnel - \$2,386,457 (6%)
 - 2012/2013 FTE's: 35
 - 2008-2012: 36
 - 2007: 42
- Operations - \$2,905,370 (8%)
 - Continue Load Management Program – bring in-house in fall
- Purchase Power - \$29,105,200 (76%)
 - No wholesale rate increases
 - Assume moderate weather conditions & no load growth
 - 2010 Actual: \$29,091,386
 - 2011 Actual: \$29,529,635
 - 2012 Estimate: \$28,917,590
- Capital - \$1,271,500 (4%)
 - Substation Improvements/Maintenance: \$151,500
 - Generator Improvements (EPA requirements): \$175,000
 - 1,000 Load Management Switches: \$70,000
 - Wire Tensioner: \$40,000
 - Replacement of Truck #619: \$50,000
 - Replacement of Truck #622: \$30,000
 - Design Engineering for 2nd & 5th St Circuits: \$100,000
 - Design Engineering for Clark's Neck Rd: \$90,000
 - Terra Ceia Phase II: \$325,000
 - Replace Truck #616: \$240,000
- Admin Charge to GF: \$1,202,245 (3%)
 - 2010/2011 Actual: \$1,321,816
 - 2011/2012 Budget: \$1,269,231
- Transfer to GF: \$846,121 (2%)
 - 2010/2011 Actual: \$973,150

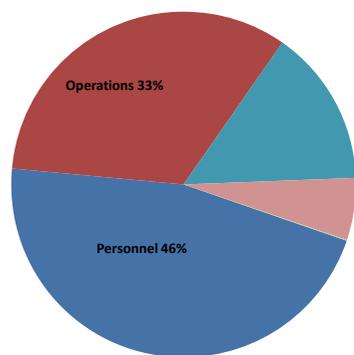
- 2011/2012 Budget: \$973,150
- Debt: \$828,703 (2%)
 - 2002 Refunding P&I: \$27,505
 - Installment Purchase P&I: \$801,198
- Contingency: \$48,327 (0%)

Council discussed load management and inquired about the amount of dollars invested versus the dollars saved. Council also discussed the possibility of an across the board 1% residential electric rate reduction (approximately \$12 per year savings). Staff was directed to review the impact of the potential 1% residential electric rate reduction and report back to Council. Council further discussed the need to educate the public on energy/utility conservation which will in-turn lower the customer's monthly bill. Staff was directed to present performance measurements/business plan relating to services (SMART – Specific, Measurable, Attainable, Realistic, & Timely). Council members Mercer and Moultrie favored the 1% residential rate reduction, while Council members Pitt, Roberson and Mayor Jennings favored education to help lower the customers "power bill". Mr. Kay explained staff will develop scenarios/options relating to the suggested 1% residential rate, and also develop a business plan to assist customers in how to lower their "power bill".

Solid Waste Fund Revenue

- Proposed 2012/2013: \$1,219,300
 - 2009/2010 Actual: \$1,304,028
 - 2010/2011 Actual: \$1,537,597
 - 2011/2012 Budget: \$1,663,536 (Estimate: \$1,638,906)
 - Hurricane Irene Reimbursement: \$300,500
- Major Components
 - Residential Services: \$749,000
 - Tipping Fees: \$283,000
 - Dumpster Rental Fees: \$157,000

Solid Waste Fund Expenses



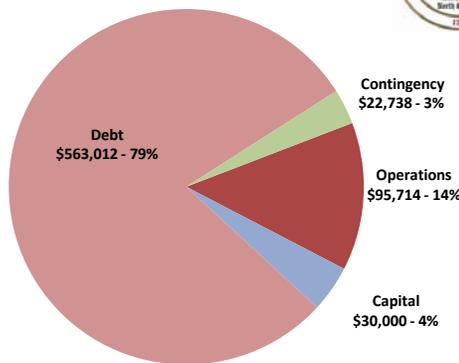
Solid Waste Expenses

- Proposed: \$1,219,300
- Personnel – \$563,128 (46%)
 - Proposed 2012/2013: 13 FTE's
 - 2011 - 2012: 13 FTE's
- Operations - \$405,231 (33%)
- Admin Charge to GF: \$179,046 (15%)
- Debt - \$70,943 (6%)
 - Installment Purchase P&I: \$70,943
 - BB&T pay-off January 2013
 - BOA pay-off March 2016
- Contingency: \$952

Storm Water Fund Revenue

- Revenue
 - Proposed 2012/2013: \$711,464
 - 2011/2012 Budget: \$726,608 (Projected: \$724,464)
- Major Components
 - No rate changes
 - Fees: \$492,000
 - 09/10 Actual: \$509,812
 - 10/11 Actual: \$504,463
 - 11/12 Budget: \$492,000 (Projected: \$492,000)
 - Fund balance appropriation: \$82,573

Storm Water Fund Expenses



Storm Water Fund Expenses

- Proposed: \$711,464
- Operations - \$95,714 (14%)
- Capital - \$30,000 (4%)
 - Replace Truck #457: \$30,000
- Debt - \$563,012 (79%)
 - Recovery Zone Bond P&I: \$549,771
 - Installment Purchase P&I: \$13,241
 - Old debt pay-off January 2013
 - New debt (3 months only)
- Contingency: \$22,738 (3%)

Airport Fund Revenue

- Proposed 2012/2013: \$455,514
 - Fuel Sales: \$155,556
 - 2010/2011 Actual: \$161,051
 - 2011/2012 Estimate: \$175,556
 - Transfer from General Fund: \$83,158
 - 2010/2011 Actual: \$95,633
 - 2011/2012 Estimate: \$86,649

Airport Fund Expenses

- Operations – \$434,958
 - Fuel Purchases: \$120,000
 - Grant Funds: \$166,667
 - FBO Subsidy: \$50,000
 - FBO Rebates: \$20,100
- Administrative Charges to the General Fund: \$20,556

Council directed staff to develop a business plan for Warren Field Airport and the waterfront docks. Councilman Mercer noted that we need to operate all Enterprise Funds as a business. Mayor Pro tem Roberson inquired about “payment in lieu of taxes” from Beaufort County. Matt Rauschenbach, CFO explained last year’s payment was \$10,422. The numbers are being calculated for the amount to be received at the end of the current fiscal year.

Cemetery Fund Revenue

- Proposed 2012/2013: \$317,115
 - Grave Openings: \$92,000
 - Sale of Lots: \$49,000
 - Installment Note Proceeds: \$35,000
 - Transfer From General Fund: \$117,215

Cemetery Fund Expenses

- Personnel - \$225,403 (71%)
- Operations - \$33,459 (10%)
- Capital - \$35,000 (11%)
 - Replacement of Truck #513: \$35,000
- Administrative Charges to GF: \$21,208 (7%)
- Debt: \$2,045 (1%)
 - New 59-month installment debt (3 months only)

Mayor Jennings stated that it is a general perception that theft is occurring at the cemetery, but noted that the loss of items is wind/weather related. Staff was directed to review the potential thefts that have occurred at the cemetery. The possibility of filming portions of the cemetery was discussed to help elevate these concerns.

Mayor Jennings thanked staff for the many hours of hard work that went into the budget preparation and noted this is the best budget Council has ever received.

ADJOURN

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council adjourned the meeting until Tuesday, May 8, 2012 at 5:30pm when the General Fund Budget will be discussed.

Cynthia S. Bennett, CMC
City Clerk