

COUNCIL MINUTES
SPECIAL WORKSHOP MEETING

June 6, 2011

A special workshop meeting of the City Council of the City of Jacksonville was held Monday, June 6, 2011 beginning at 5:00 PM in Meeting Rooms A & B of the Jacksonville City Hall. Present were: Mayor Sammy Phillips, presiding; Mayor Pro-Tem Michael Lazzara and Council Members: Jerry A. Bittner, Fannie K. Coleman, Randy Thomas, and Bob Warden. Council Member Jerome Willingham was unable to attend. Also present were: Richard Woodruff, City Manager; Ron Massey, Assistant City Manager; Gayle Maides, Interim Finance Director; Glenn Hargett, Communications and Community Affairs Director; Mike Yaniero, Police Chief; Rick McIntyre, Fire Chief; Tim Chesnutt, Recreation and Parks Director; Earl Bunting, ITS Director; Grant Sparks, Public Services Director; Reggie Goodson, Planning and Development Services Director; Bill Ratliff, Human Resources Director; Carmen Miracle, City Clerk; and John Carter, City Attorney. *An audio recording of the Council Meeting is presently available for review in the City Clerk's Office.

CALL TO ORDER

Mayor Sammy Phillips called the meeting to order at 5:00 PM.

ADOPTION OF AGENDA

A motion was made by Councilman Bittner, seconded by Councilman Thomas, and unanimously approved to adopt the agenda as presented.

2012 BUDGET

Using the PowerPoint presentation attached to the official minutes as Exhibit A and the memo dated June 3, 2011 attached as Exhibit B, Mr. Woodruff stated that based upon changing conditions, revenue/expenditure modifications to the budget were recommended as follows:

Health Care Costs - The original budget assumed a 6% increase, but through discussions with Blue Cross Blue Shield, there was no increase in premiums for the coming year.

Mayor Pro-Tem Lazzara asked what the deductible was for each employee. Mr. Woodruff stated that deductible and premium paid depended on the coverage selected. The City paid the premium for the highest deductible of \$2,500. If a lower deductible was selected, the employee paid the premium difference.

Councilman Bittner asked if health insurance was under the League of Municipalities program. Bill Ratliff, Human Resources Director, stated it was under Blue Cross Blue Shield as a third party self insured. The League had a fully insured program and did not have a self insured program available at this time.

Council indicated their consent to the health care costs modification.

Health Care Enrollment – The original budget used a conservative number based on all employees that were eligible for health care. A review revised the number of employees which further reduced the cost projection.

Mayor Phillips asked how the new figure was determined. Gayle Maides, Interim Finance Director, stated they went back and looked at the history of employees in each department and added only a few extra. Not all employees were on the City's insurance.

Council indicated their consent to the health care enrollment modification.

Workers Compensation Costs – Mr. Woodruff stated we had been very fortunate in that the staff had been safe and the wellness and safety programs were working. The final quotes showed reduced premiums.

Council indicated their consent to the workers compensation costs modification.

Recreation & Parks CIP – Mr. Woodruff stated his goal was to bring down the \$4.7 million originally projected to come from the fund balance to a \$3.5 to \$3.7 level. He suggested that the total of Recreation projects in the CIP be reduced by \$300,000 and to fund \$100,000 of the projects from Recreation Reserve Fund.

Mayor Phillips asked where the Recreation Reserve Fund came from. Mr. Woodruff stated the Fund came from development where developers were required to pay an impact fee. Mayor Phillips asked if those funds were earmarked for particular developments. Mr. Woodruff stated it was a community fund. Ms. Maides stated the balance was about \$200,000. Mr. Woodruff stated since the budget was tight this year, it would be reasonable to tap the fund.

Councilman Bittner asked which projects were being kept and which ones deleted. Mr. Woodruff stated they would come back Council to make the priority determination, but the boat ramp at the Northeast Creek Park would be kept. Councilman Bittner stated when the list was brought back, he would like a statement of why certain projects were ranked higher. Council agreed.

Allocations – Mr. Woodruff stated that because of the time the Mayor, Council, and senior management spent on various enterprise fund items, it was appropriate to increase the allocation from 25% to 50% to more accurately reflect this time. The change would reduce the expense to the General Fund and increase the expense to the Water and Sewer Fund.

Council indicated their consent to the allocations.

Fire Equipment & Land – Mr. Woodruff stated that funds were originally proposed for replacement of two pieces of equipment and to purchase a site for Station 5. In discussions with the Fire Chief, it was concurred that it would be more important for the City's future to look for and purchase a site for a future fire station and postpone the equipment purchase.

Councilman Bittner asked for the rationale on the decision. Mr. Woodruff stated it was two fold. First they did not feel the economy was going to stay slow and with the transportation improvements, competition would drive the land price higher. The general location for the hub (site of all the specialty equipment) was Gum Branch/Bell Fork and Hwy 17. Councilman Bittner stated there may be residual land remaining from the NCDOT project and the City should look into that.

Councilmen Bittner and Warden expressed concerns about purchasing the land. After considerable discussion, Mr. Woodruff suggested that expenditure for the fire equipment remain, but the budgeted funds for land go back to the fund balance.

Council indicated their consent to budget only for the replacement of two pieces of fire equipment.

Rails to Trails - Mr. Woodruff stated that funds for grant match on the Rails to Trails program have been retained, but the grants were not received. Those funds could be put back into the General Fund balance or the funds could go from the current restricted CIP item to some other CIP item.

After discussion, Council indicated their consent to return the remaining funds to the General Fund.

Fuel for City Fleet – The estimate first used had been revised upward to compensate for the increase in fuel prices which accounted for a significant increase over the original projection. Mr. Woodruff stated that every department head would be asked to look at the way they operated vehicles and determine how they could be more efficient without hurting service delivery.

Mayor Pro-Tem Lazzara asked if the City had looked at converting vehicles to higher mileage vehicles or more green vehicles. Ms. Maides stated that metering had a hybrid car that was used to do readings. Ed Richards, Fleet Supervisor, stated that biodiesel was used for the trucks. Councilman Bittner asked if bio had been used instead of gasoline. Mr. Richards stated they were using E10 now, which was 10% ethanol that did not have upfront costs to use.

Council indicated their consent to the budget increase request.

Departmental Issues - Council requested that departmental issues be presented in priority order. In prioritizing the issues, Mr. Woodruff stated that only those being recommended were prioritized and would be presented. If Council would like items prioritized that were not on the list, it could also be done.

For the next meeting, Councilman Bittner asked for a list of those issues not being recommended with a statement explaining why.

Priority 1 – Employee Cost of Living - The first priority would be a cost of living adjustment. Details would be reviewed at a later time.

Priority 2 – Police Department – Public Safety Officer (PSO) – The funding for this position would come from the authorized Captain’s position that wouldn’t be filled in FY12. The authorization needed was to increase the number of budgeted positions by one. Councilman Thomas stated even though the increased position would not need additional funds this year, it would have to be funded next year. Captain Yaniero stated that the PSO position would be deleted after the Captain position was filled.

After a brief discussion, Council indicated their consent for the PSO position.

Priority 3 – Police Department – Telecommunications – The recommendation was to upgrade two part time positions to full time positions. Councilman Bittner stated he understood that the 911 system had a tremendous increase in calls, but were we building up the telecommunications position with the expectation of going to a 311 system. Mr. Woodruff stated we were not prepared to go to a 311 system at this time, but over the next year staff would like to thoroughly study it. Council was sent information about the pilot study staff proposed. The purpose of the pilot was to take one week of calls at the dispatch center and divide those calls into three categories – emergency; police related, but not emergency; and non-police related. Chief Yaniero reviewed what was found in both the Communications and Records Divisions. He stated about 60% of the calls that came into 911 were misdirected calls. Mr. Woodruff added

that half of the calls had nothing to do with the police and only 1 in 5 calls was an emergency. Because of the volume of calls coming in, additional help was needed at this time to improve response times.

After considerable discussion, Council indicated their consent for the upgrade to two full time positions.

RECESS/RECONVENE

Mayor Phillips recessed the meeting for a break at 6:03 PM. Mayor Phillips reconvened the meeting at 6:12 PM.

Priority 4 – Police Department – Mr. Woodruff stated that Council approved filing a COPS Grant for the addition of five new police officers; however, the Grant did not include the cost of equipment. A portion of the cost of the equipment (car, computer, clothing, guns, etc.) could be offset by confiscated drug money if the grant was awarded. The confiscated drug money could be used for any directly related police activity. Council would be committing funding for the next three years.

Priority 5 – Media – Mr. Woodruff stated that due to the increased workload in media and G-10, a part time media specialist was requested. Funding would come through the General Fund.

Mayor Pro-Tem Lazzara stated that Councilman Thomas brought up a good point about educating the public about 911 and would it be possible to do educational programming on 911. Mr. Woodruff stated there was no question that we needed to do education on it.

Council indicated their consent for a part time media specialist.

Priority 6 – Building Maintenance – Mr. Woodruff stated that the original budget request included funds for City Hall work that should be included as part of the current building litigation. Those funds were backed out. The remaining \$50,000 was being recommended for building repair needs on all of the other buildings owned by the City.

Miscellaneous Items – Mr. Woodruff stated these were items missed or miscalculated and the amount would be for a catch-all.

CIP Adjustment for Police Range – Mr. Woodruff stated that the bids came in higher than projected for the building and parking area. Ron Massey, Assistant City Manager, felt there may be funds remaining from other projects completed at the Police Range, so that would be looked into and finalized.

Councilman Bittner asked what the total bids were. Chief Yaniero stated they came in around \$400,000 to \$450,000.

Priority 7 – Instrumentation Specialist – Mr. Woodruff stated that with the upgrade of the SCADA system, it was essential to add a person to operate it and keep the system up to date. The person would be an employee with the IT department, but funded by Water and Waste Water.

Councilman Thomas asked what system SCADA was replacing. Earl Bunting, ITS Director, stated it wasn't replacing any system. It was upgrading the antiquated data system we currently had. The system had already been upgraded on the water side and the sewer side was being upgraded to match and be more efficient. Councilman Thomas asked who was taking care of the current system. Mr. Bunting stated that no one was trained for it and various consultants had been used.

Councilman Bittner questioned the need for the additional personnel. Mr. Bunting stated that the person to be hired would maintain and operate the system, but would not be monitoring the activities. The monitoring was done by Plant personnel. It was a 24/7 operation with on-call for off hours. Considerable discussion followed.

Councilman Warden stated he thought we had to commit to an upgrade because of one of our sewer spills. Mr. Woodruff stated that was correct.

Priority 8 and 9 – Additional Plant Operator and FT Equipment Operator – Mr. Woodruff stated that due to the increased emphasis on improved management and maintenance of the land application site, additional personnel were needed. An additional plant operator was needed and the equipment operator position needed to be changed from part time to full time.

Councilman Bittner asked if positions and equipment were added when the plant was expanded. Grant Sparks, Public Services Director, stated that three positions were added at that time, but he couldn't remember the specialties. No new equipment had been purchased. Mr. Woodruff stated that information would be provided.

Priority 10 – Wastewater Treatment Equipment – With the emphasis on maintenance, Mr. Woodruff stated that positrac equipment and mowing equipment were needed for the land application site.

Councilman Bittner stated that since this was the second largest site on the East Coast, comparables were hard to find. Since we have problems out there, we should follow the advice of the experts.

Other Items

Mr. Woodruff asked if there were other items Council would like to discuss further prior to discussing cost of living salary adjustments. Councilman Warden asked about the positions requested that were not discussed in the budget modifications. Mr. Woodruff said he was not recommending any positions requested that were not discussed in the modifications; however, at the workshop tomorrow, he would provide Council with a list of all those items being recommended and all those items not being recommended for their concurrence.

Councilman Bittner stated that in addition to that list, he would like to see a recap of the bottom line of all the budgets with the changes as well as the impact of a 2% cost of living increase across the board. Mayor Pro-Tem Lazzara stated he agreed with Councilman Bittner on the 2% increase, but he would also like to hear Mr. Woodruff's thoughts on not including the Electronic Plan Submittal software. He felt the software had significant value in that it was consistent with the goals, helpful to the development community, and helpful to the efficiency of the department. Mr. Woodruff stated there were logical reasons for buying it now, but when dealing with a budget that taps the fund balance to \$4.7 million and with the Program not paying for itself during the first or second year, then he chose not to include it. The item would be discussed more at tomorrow's workshop.

ADJOURNMENT

A motion was made by Councilman Thomas, seconded by Mayor Pro-Tem Lazzara, and unanimously adopted to adjourn the meeting at 6:48 PM.

Adopted by the Jacksonville City Council in regular session this 21st day of June, 2011.

Sammy Phillips, Mayor

ATTEST:

Carmen K. Miracle, City Clerk

Exhibit "A"

Jacksonville City Council



**Special Workshop Meeting
June 6, 2011**



Budget Discussion

Schedule

Mon, May 2,	Budget Workshop	5-8PM
Tues, May3	Budget Workshop	5-7PM
Mon, May 16	Budget Workshop	5-8PM
Tues, May 17	Budget Public Hearing	7PM
May & June	Additional Workshops as Desired	
June 6	Budget Workshop	
June 7	Budget Workshop as needed	
No later than June 30	Budget Adoption	




**Suggested
Modifications**

**Modification 1
Health Care Costs**

- Had assumed 6% Increase
- No Need for Increase



**Modification 1
Health Care Costs**

Impact	Increase	Reduction
General Fund		142,000
Water & Sewer Fund		383,840
Total		525,840



Modification 2 Health Care Enrollment

- Changed estimate of enrollment



Modification 2 Health Care Enrollment

Impact	Increase	Reduction
General Fund		127,000
Water & Sewer Fund		44,604
Total		171,604



Modification 3 Workers Compensation Costs

- More favorable claims experience
- Lower Premium



Modification 3 Workers Compensation Costs

Impact	Increase	Reduction
General Fund		98,000
Water & Sewer Fund		27,000
Total		125,000



Modification 4 Recreation & Parks CIP

- Had contained \$946,100
- Six projects proposed
- Reduce by \$300,000
- Fund another \$100,000 from Recreation Reserve Fund



Modification 4 Recreation & Parks CIP

Impact	Increase	Reduction
General Fund		400,000
Water & Sewer Fund		0
Total		400,000



Modification 5 Allocations

- Recognizes role of Council in various funds
 - Stormwater
 - General
 - Water & Sewer
 - Sanitation
- Allocates 50% Council costs to W&S



Modification 5 Allocations

Impact	Increase	Reduction
General Fund		262,000
Water & Sewer Fund	262,000	
Total	262,000	262,000



Modification 6 Fire Equipment & Land

- Had provided for two Squad units & site for Station 5
- New Priority:
 - Continue with land acquisition
 - Delay equipment



Modification 6 Fire Equipment & Land

Impact	Increase	Reduction
General Fund		110,000
Water & Sewer Fund		
Total		110,000



Modification 7 Rails to Trails

- Funds had been retained for future grants
- Grants not expected
- Release funds in Project



Modification 7 Rails to Trails

Impact	Increase	Reduction
General Fund		149,000
Water & Sewer Fund		
Total		149,000



Modification 8 Fuel for City Fleet

- Estimates had been
 - \$2.85 Regular &
 - \$3.05 diesel
- Revision
 - \$3.00 Regular &
 - \$3.25 diesel



Modification 8 Fuel for City Fleet

Impact	Increase	Reduction
General Fund	45,000	
Water & Sewer Fund	13,254	
Total	58,254	



Departmental Issues

Presented In Priority Order

Modification 9 Employee Cost of Living

- Decision rests with Council
- Priority 1



Modification 10 Police: Public Safety Officer

- Priority 2
- Allow, with salary to come from Captain's Position which will not be filled in FY12
- Salary 30,551 to be offset by Captain's Salary



Modification 10 Police: Public Safety Officer

Impact	Increase	Reduction
General Fund		50,000
Water & Sewer Fund		
Total		50,000



**Modification 11
Police: Telecommunications**

- Priority 3
- Upgrade two part-time to full-time positions



**Modification 11
Police: Telecommunications**

Impact	Increase	Reduction
General Fund	39,152	
Water & Sewer Fund		
Total	39,152	



**Modification 12
Police: 5 New Police Officers**

- Priority 4
- Authorize Filing Grant Application
- Grant Pays: Personnel & Benefits
- Does Not Pay: Equipment
- Equipment: \$162,359
- Can use Drug Money to offset: \$92,006



**Modification 12
Police: 5 New Police Officers**

Impact	Increase	Reduction
General Fund	92,006	162,359
Water & Sewer Fund		
Total	92,006	162,359
Net	72,434	



**Modification 13
Media: Part-time Specialist**

- Priority 5
- Due to increased workload
- Specialist with Benefits
- Costs shared by users



**Modification 13
Media: Part-time Specialist**

Impact	Increase	Reduction
General Fund	35,000	
Water & Sewer Fund		
Total	35,000	



**Modification 14
Building Maintenance**

- Priority 6
- Needed



**Modification 14
Building Maintenance**

Impact	Increase	Reduction
General Fund	50,000	
Water & Sewer Fund		
Total	50,000	



**Modification 15
Miscellaneous Items**

- From Review



**Modification 15
Miscellaneous Items**

Impact	Increase	Reduction
General Fund	25,000	
Water & Sewer Fund		
Total	25,000	



**Modification 16
CIP Police Range Adjustment**

- Bids higher than expected



**Modification 16
CIP Police Range Adjustment**

Impact	Increase	Reduction
General Fund	92,000	
Water & Sewer Fund		
Total	92,000	



Modification 17 Instrumentation Specialist

- Priority 7
- Wastewater Treatment
- SCADA System upgrade, essential to add person to be responsible for system
- Funded by W&S, in ITS



Modification 17 Instrumentation Specialist

Impact	Increase	Reduction
General Fund		
Water & Sewer Fund	50,565	
Total	50,565	



Modification 18 Additional Plant Operator

- Priority 8
- Wastewater Treatment
- Requirements for maintaining the site



Modification 18 Additional Plant Operator

Impact	Increase	Reduction
General Fund		
Water & Sewer Fund	44,025	
Total	44,025	



Modification 19 Equipment Operator FT

- Priority 9
- Wastewater Treatment
- Move Part-time position to Full-time
- Requirements for maintaining the site



Modification 19 Equipment Operator FT

Impact	Increase	Reduction
General Fund		
Water & Sewer Fund	12,590	
Total	12,590	



Modification 20 Equipment for Plant

- Priority 10
- Wastewater Treatment
- Requirements for maintaining the site



Modification 20 Equipment for Plant

Impact	Increase	Reduction
General Fund		
Water & Sewer Fund	93,314	
Total	93,314	



Summary

Does Not Include Salary Adjustment

Summary Without Salary Adjustment

Impact	Increase	Reduction	Net
General Fund	358,586	1,189,000	-830,414
Water & Sewer Fund	475,812	455,444	+20,368



Summary Without Salary Adjustment

General Fund Balance	
Original FY12 Use	4,700,000
After Modification	3,869,586
Net Impact	Reduction: 830,414

* 149,000 from Parks CIP can also be applied if desired



**Modification 9
Employee Cost of Living**

- Other Governments:
– 2-3% Range

1%	270,369
2%	540,308
3%	810,460



**Modification 9
Employee Cost of Living**

		Impact
Option 1	No Wage Increase	0
Option 2	Cost of Living to match FY11 1.5% effective July 11 1.5% Paid as equal dollar Jan 12	~610,000
Option 3	2% Effective July 11	540,308
Option 4	Any percentage or combination	



City of Jacksonville

City Manager's Office



Memorandum

To: Mayor & City Council
From: Richard L. Woodruff, City Manager
Date: June 3, 2011
Re: **Updated** FY 12 Budget Recommended Modifications

Introduction

Budget workshops are scheduled for Monday, June 6 and Tuesday, June 7. It is our hope that the Mayor and Council will utilize this time to finalize the FY 12 budget. For your assistance, the following material is provided and will be the focus of our discussions at the workshops.

The draft budget for FY 12 was submitted to the Mayor and Council in early May. It proposed a budget outlay of \$46,828,047 for the General Fund, \$27,645,466 for the Water and Sewer Fund, \$5,864,643 for the Solid Waste Fund and \$3,403,828 for the Storm Water Fund. In order to avoid a tax increase and using sound budgeting practices, the senior management of the City recommended that \$4.7 million of General Fund balance be used towards funding the recommended expenditures in the FY 12 budget. Of that total, \$2.7 million was for a fund transfer from the General Fund to the Solid Waste Fund to cover the cost of residential collection.

Additionally, there were a number of department issues which were not contained within the base budget. These are items for Council information and consideration to determine if they should be funded for the coming year.

During the month of May, the Mayor and Council and senior staff have worked through a series of budget workshops to review the proposed budget and to discuss the departmental issues. Subsequently, the senior management has worked to further refine certain assumptions/projections contained within the base budget as submitted in early May. Based upon changing conditions, further review, and Council review of the department issues, the senior management is now recommending the following modifications to the proposed budget and has prioritized the department issues:

Revenue/expenditure modifications-

M-1 Health care – The proposed budget assumed a 6% healthcare increase with that increase shared by all funds. Through discussions with Blue Cross Blue Shield, it has been determined that the premiums will not need to increase for the coming year. Therefore, all budgets will have the proposed increase removed.

General Fund – reduction \$142,000
 Water/Sewer Fund – reduction of \$383,840

M-2 Healthcare enrollment – The proposed budget assumed a certain number of enrollees for the coming year. Based upon that, premiums were projected. Further review and work by the Finance Department and HR have revised the number of employees eligible for healthcare enrollment and have changed the budget for the all funds.

General Fund – reduction \$127,000
Water/Sewer Fund—decrease of \$44,604

M-3 Workers compensation premium – The initial budget assumed a workers compensation premium of approximately \$775,000. Final premium quotes for the coming year are now in and due to very favorable claims experience, our premium has been reduced.

General Fund – reduction \$98,000.
Water/Sewer Fund – reduction of \$27,000

M-4 Parks and Recreation CIP request – The base budget contained \$946,100 to cover the cost of six proposed projects for Parks and Recreation. The following modifications are recommended:

- Total capital projects for Parks and Recreation be modified by a reduction of \$300,000 thereby leaving \$646,100.
- Fund \$100,000 of these projects through the Parks and Recreation reserve fund.

General Fund – reduction \$400,000

M-5 Allocations – While we consider the City as one governmental operation, in reality, the City is a series of "businesses" operating under one unified organization and directed by the Mayor and Council. These include the: General Fund, Storm Water Fund, Sanitation Fund, and Water and Sewer Fund. The Mayor, Council and senior management, therefore, not only sit as the elected officials and management of the General Fund, but also as the Chairman, Board and staff of all of the enterprise funds. Therefore, it is appropriate to allocate time from each of these groups to the various funds or businesses they operate. Revising the allocation formulas used in the past to more accurately reflect the amount of time spent with each fund will result in a significant modification to those allocations. The allocations for the Mayor and Council and senior management have been modified so that 50% of our time is now charged to the Water and Sewer Fund.

General Fund – reduction \$262,000
Water/Sewer Fund – increase of \$262,000

M-6 Fire Department equipment/land acquisition -- Within the Base budget, funds were originally proposed in the Fire Department budget for the replacement of two pieces of equipment (Squad 1 and Squad 5) and funds to purchase a site for Station 5. Total expenditure in the proposed budget is \$311,000. Further discussions with the Fire Chief have resulted in a prioritization of these expenditures with the delay of the equipment until FY 13 and proceeding with the site acquisition in FY 12.

General Fund – reduction \$110,000

M-7 – Rails to Trails – Money exists within former rails to trails projects in the amount of \$149,000. This money was intended as the City’s match for grants. Now that these projects have been completed and given the fact that future rails to trails projects are based upon the assumption of grants/NCDOT funding, it is recommended that the current projects be closed.

General fund – add \$149,000 available for capital projects

M-8 – Fuel for City Fleet – The base budget was established projecting the cost of fuel at \$2.85 for unleaded and \$3.05 for diesel. As the Mayor and Council will recall, in our budget workshops we discussed the current trends in fuel prices. After further analysis, the Fleet Maintenance Supervisor is recommending an increase in funding to reflect a price of \$3.00 for unleaded and \$3.25 for diesel. Each fund will be revised accordingly for a total budget increase of \$93,000.

General Fund – increase of \$45,000

Water/Sewer Fund – increase of \$13,254

DEPARTMENTAL ISSUES:

In addition to the modifications for the base budget, the Mayor and Council have heard departmental issue presentations from various departments regarding their requests for consideration for the addition of items to the FY 12 budget. Senior management has now prioritized those department issues and recommends the following additions/modifications to the base budget. These are presented in priority order.

M-9 – Priority 1 – Employee cost of living increase. As part of the budget notes from the May 6 and 7 workshops, information was provided relative to the costs of living increase from FY11. Please refer to budget note 13. Additionally, for each 1% wage increase authorized for the full FY 12, the impact is \$270,369 for all funds. (General Fund \$187,453...Water & Sewer Fund \$35,529...Solid Waste Fund \$15,307 ...Stormwater Fund \$8386...ISF \$15,363....grants \$8331.) Thus:

1%=\$270,369
 2%=\$540,308
 3%=\$810,460.

In discussions with other governments entities of the area, we find that the County, ONWASA, and the other municipalities of the county are considering a variety of cost of living increases. The actual increase differs, but in general they are in the 2 to 3 % increase range.

Cost of living increase Options for Council to consider include:

Option 1: No wage adjustment.....cost \$0.00

Option 2: COL increase to match FY 11 increase. 1.5% effective July 2011 and 1.5% effective January 2012 with equal dollar payment to all eligible employees.

Cost projection for FY12 is \$610,000+-

Option 3: 2% increase effective July 2011...cost \$540,308

Option 4: Any % or combination

This item to be further discussed with the Mayor and Council.

M-10 – Priority 2 – Police Department – Public Safety Officer. The total authorized positions for the Police Department will not be impacted by this authorization. Rather, the current authorization contains a Captain position. This position will be frozen for the FY 12 year. The management will authorize the hiring of a Public Safety Officer with funding coming from the authorized Captain position.

General Fund – \$30,551 to be off set by funds in current salaries. Due to salary savings, this will be a reduction of \$50,000 for the General Fund.

M-11 – Priority 3 – Police Department - telecommunications personnel - Upgrade the two part time positions to full-time positions.

General Fund – increase of \$39,152.

M-12 – Priority 4 – Police Department - Authorize the filing of a grant under the Cops Grant program for the addition of five new personnel. While personnel and benefits costs are covered by the grant, equipment is not. The projected cost for equipment is \$172,431 for FY. However, confiscated drug money is available to offset a portion of this cost. Therefore, it is recommended that \$92,006 of confiscated drug money be used to fund the equipment necessary for the officers if the grant is approved.

General fund impact \$172,431

Add to General Fund \$92,006 funded by confiscated drug money

\$80,425 funded by General Fund

M-13 – Priority 5 – Media – Addition of media specialist - Due to increased workload in the media center, we are recommending the addition of a media specialist part-time personnel with benefits. Funding of the \$37,829 cost will be through the allocation formula for the Media group and therefore, the costs will be shared by all users of the Media group.

General Fund—increase of \$35,000. Other funds \$2,829

M-14 – Priority 6 – Building maintenance Due to needed repairs, additional funding is recommended. This does not include funds needed for the corrective work for City Hall.

General Fund – increase of \$50,000.

M-15 – Miscellaneous adjustments. Refinements of miscellaneous items

General Fund increase \$25,000

M-16 – CIP adjustment for Police Range costs. Bids higher than projected for building and parking area

General Fund increase of \$92,000

WATER AND WASTE WATER DEPARTMENT ISSUES:

M-17 – Priority 7 – Waste water treatment – Addition, instrumentation specialist. With the upgrade of the SCADA system, it is essential to add a person to keep the system up to date and to operate it on a daily basis. The person will be funded by Water and Sewer, but be an employee of IT.

Water and Sewer Fund – increase of \$50,565

M-18 – Priority 8 -- Wastewater treatment -- Addition of 1 Plant Operator -- Due to increased emphasis on maintaining the land application site, additional personnel is needed.

Water and Sewer Fund – increase of \$44,025

M-19 – Priority 9 – Wastewater Treatment-Upgrade of Equipment Operator I to full-time position -- Due to emphasis on improved management of the land applications site, additional personnel is needed.

Water and Sewer Fund – increase of \$12,590

M-20 Priority 10 – Wastewater Treatment-Positrac equipment and mowing equipment -- with increased emphasis on maintenance, additional equipment is needed for the land application site

Water and Sewer Fund – increase of \$93,314

While many other department issues were requested by the various departments, senior management believes that the prioritization shown above reflects reasonable improvements within City services while also continuing to have sound fiscal management. As the final budget is considered, the Mayor and Council are encouraged to modify the priorities and add issues which were not recommended by the senior management.

SUMMARY:

Summary of modifications and recommended departmental issues: The impact of the proposed budget modifications is shown below. **These modifications do not include the impact of any cost of living increase the Mayor and Council decide to approve.**

	<u>Reductions to Base Budget</u>	<u>Additions to Budget</u>	<u>Net change</u>
General Fund	-\$1,189,000	+\$358,586	-\$830,414
Water/Sewer	-\$455,444	+\$475,812	+\$20,368

Impact on usage of General Fund Balance:

Original FY 12 usage	\$4,700,000
After Modifications	\$3,869,586
Net Impact	reduction of \$ 830,414

IF Rails to Trails unused matching dollars (note M-7) are assigned to fund part of the recommended \$646,100 in Parks CIP items, \$149,000 of additional revenue can then be assigned to the FY12 budget. This will further reduce the utilization of General Fund Balance. The result would be a net decrease in usage of GF Balance for FY 12 of \$979,414 for a new total use of only \$3,720,586 in General Fund Balance for the FY 12 budget, absent any decision regarding a cost of living increase for City employees.

We look forward to further discussions with the Mayor and Council in our workshops of June 6 and 7 and the potential adoption of the budget on June 21, 2011.

Thank you, Richard