



Town of Oriental

PO Box 472
507 Church Street
Oriental, NC 28571

MEETING MINUTES – *Budget Workshop Meeting May 11, 2010 8:00 AM*

In attendance: Commissioners Sherrill Styron, Warren Johnson, Barb Venturi, and Jennifer Roe; Mayor Bill Sage; Town Manager Randall K Cahoon

Absent: Commissioner Candy Bohmert

The meeting was called to order at 8:10 AM by Mayor Sage.

Town Manager Cahoon circulated a two page document containing a list of proposed amendments to the current fiscal year's budget, along with a two page memo of explanation. The Board discussed this matter for several minutes, making counter-suggestions for potential adjustments. Cahoon suggested he bring a revision of the document to the Town Board's May 26, 2010 Agenda Workshop for final approval. Commissioner Johnson added a question regarding Attorney Susan Ellis, who he feels may be charging the Town anywhere from \$8,500 to \$15,000 for her services. Johnson felt the "Legal Fees" line item needed to be amended to balance that line as it appeared likely to run four or five thousand dollars over the projection determined last spring. The Board seemed unified in the contention that this matter could wait until Ellis submitted her bill.

Commissioner Johnson then initiated a discussion of how employee meals and employee travel ended up being the line item charged for the Town Manager's recent (9 month) course in Municipal Management. Johnson contended that the budget should contain a line item specifically addressing the Manager's continuing education, separate from other employees as the phrase "employee travel" suggested work trips not schooling for employees of the Town. He cited line item 54100 "Town Board Schooling" and WF 51900 "Water School" as examples of other budget line items where educational training is separated from other types of travel related expenses.

The topic then moved back to the Water Fund FY 2010-2011 proposed budget, specifically to the matter of the \$15,400 "depreciation" line item. Cahoon pointed out that he had created that line item at the advice of Bill Rivenbark, UNC CH School of Government, in an effort to "balance" the apparent \$15,400 "profit" in the Water Fund against a minimum of \$54,000 in depreciation. The Board agreed that \$15,400 would not cover the entire cost of depreciation, but some money should be put aside to cover cost of replacement of plant equipment.

The Mayor, referring to Commissioner Venturi's request at a previous budget workshop to create a "Capital Reserve Fund" for Water Plant depreciation and expenses, reminded the Board that over \$47,000 is currently held in reserve in a money market account through NC Cash Management in an account that is "fully liquid." His contention was that the creation of a Capital Reserve Fund might overly restrict future fund expenditure to items that only fall under the "capital expense" category. Commissioner Roe asked Cahoon to research the account prior to the next budget workshop meeting as she was interested in where the money had initially come from and more specifically when the last deposit was made to the account.

Once the Board seemed content with the Water Fund proposals, they turned their attention to the General Fund. Cahoon pointed out that the previously reported low figure for potential tax revenues (Line 30100) had been adjusted by adding in projections for vehicle tax collections (he had inadvertently failed to add the projection into total projected revenues). A general discussion of payroll and the costs associated with the current employees followed this announcement. Cahoon suggested that the Board may wish to adopt both Pay Grades and Steps along each grade as a more efficient method of tracking increases in compensation. During the same discussion, Cahoon pointed out to the Board that Page 28 of the Employee Personnel Policy adopted in 2007 states that Health and Dental Insurance costs are covered by the Town. Any move to share the cost of either type of insurance with employees would require amending the policy.

The Mayor, quoting an NCLM publication, stated the CPI (consumer price index), a cost of living indicator, had risen 2.7% in the past year. He noted that the Town Board had last year granted half of the CPI increase (or 1.5%) as a cost of living increase for all employees. He asked Cahoon to prepare a spreadsheet for the next Budget Workshop that would clearly demonstrate what a 3% and a 1.5% cost of living adjustment would cost the Town.

At this point the Board began to review the Budget Worksheets for the General Fund line by line, stopping at the bottom of Page 3.

Commissioner Jennifer Roe made a motion to adjourn; Warren Johnson seconded the motion. Meeting adjourned at 10:00 AM.

Respectfully Submitted,

Randall K Cahoon, Clerk to Board/Town Manager