

The Washington City Council met in a continued session on Monday, May 18, 2009 at 4:30 p.m. in the Council Chambers at the Municipal Building. Present were: Judy Jennette, Mayor; Doug Mercer, Mayor Pro tem; Richard Brooks, Councilman; Archie Jennings, Councilman; Gil Davis, Councilman; Darwin Woolard, Councilman; Jim Smith, City Manager; and Cynthia Bennett, City Clerk.

Also present were: Matt Rauschenbach, Chief Financial Officer, Anita Radcliffe, Accounting Manager, Lynn Lewis, Tourism Director; Susan Hodges, Human Resource Director; Gloria Moore, Library Director; Mick Reed, Police Chief; Jimmy Davis, Fire Chief; Bobby Roberson, Planning Director; Keith Hardt, Electric Director; Ray Midgett, IT Director; Philip Mobley, Parks & Recreation Director; and Mike Voss, of the Washington Daily News.

Mayor Jennette called the meeting to order and Councilman Brooks delivered the invocation.

APPROVAL/AMENDMENTS TO AGENDA

By motion of Councilman Jennings, seconded by Councilman Brooks, Council approved the agenda as presented.

COMPENSATION & FRINGE BENEFITS

City Manager, James Smith reviewed the proposed health insurance plans with City Council. Mr. Smith reminded Council the employees would be offered two plans: the PPO (Preferred Provider Organization) and HSA (Health Savings Account). Susan Hodges stated there were eighteen (18) retired employees. Mayor Pro tem Mercer stated Council had always said we would pay the health insurance premiums if they had 30 years of service. Mrs. Hodges replied the retirees are covered at the same level or rate as active employees. Mayor Pro tem Mercer feels the City has a contract with those retired employees that are living on a fixed income. Mr. Smith stated we have active employees making, \$22,000 - \$24,000 per year and it will be hard on them to come up with \$18 per month as well.

Mr. Smith noted the budget proposes the **401(k)** remain at \$50 per pay period. Susan Hodges, Human Resources Director thanked Council for the 401(k) contributions. She further reminded Council of the employees increasing health insurance cost; she also noted the employee already pays 6% out of their pay checks into the retirement system. Council discussed 401(k) contributions at length. Following discussion, Council agreed to leave the 401(k) as proposed.

Mayor Pro tem Mercer requested to speak on **fringe benefits**. Mayor Pro tem Mercer recommending paying all department heads for the use of their vehicles and require them to keep a log of mileage used for the City business. With this proposal they would get paid at the end of the month a fixed fee for miles driven. Councilman Jennings said the last time he offered a compromise and suggested not calling it a car allowance. Councilman Jennings felt there needs to be an equitable way of doing the mileage; some department heads only drive 15 miles a week and others drive more, yet the allowance is the same. Mr. Smith stated this was part of the Department Head compensation package. Following more discussion, Mayor Jennette polled Council on the car allowance topic.

Compensation

Councilman Jennings
Councilman Brooks
Councilman Woolard

Log

Mayor Pro tem Mercer
Councilman Davis

Council directed Susan Hodges to revise the travel policy reflecting the change to compensation.

Mayor Pro tem Mercer addressed **City vehicles** being driven home. At an earlier discussion, Mayor Pro tem Mercer recommended vehicles to be driven as long as they were driven in the City limits and the individuals live in the City limits. If they are

on-call vehicles and the individual is on-call, then it could be driven to his residence no matter the location.

Mayor Pro tem Mercer repeated that employee's need to understand the policy for driving vehicles home. If the vehicle is driven home it is parked in the driveway until driving back to work.

Mayor Pro tem Mercer referred to **Holiday Pay** for part-time employees. Councilman Brooks felt this was an incentive for our part-time employees. Susan Hodges stated they only receive holiday pay if they are regularly scheduled to work and they are regular part-time employees.

Ms. Hodges stated there are 55 part time employees and 12 are on the retirement system. The 12 on the retirement system will become permanent part-time. Council continued their discussion on this topic.

Councilman Brooks, Councilman Woolard, Councilman Davis, and Councilman Jennings were all in agreement with paying regular part time employees holiday pay if the schedule falls that way. Councilman Jennings would like to see some consistency – keeping it equitable.

Council convened for a break at 5:45 pm and reconvened at 5:50 pm.

FEES

Council recommended discussing fees with individual departmental budgets. Councilman Jennings suggested discussing privilege license first. Matt Rauschenbach reviewed fee changes and updated Council on his meeting with Catherine Glover, Director of the Washington/Beaufort County Chamber of Commerce. Mayor Jennette stated the privilege license was changed to make it more equitable.

Council agreed to keep the maximum fee for business licenses for manufacturers, wholesalers and retailers at their existing caps of \$1,500. The fee for a service establishment such as a restaurant would increase from its existing \$500 cap to \$750, a 50% increase. Mayor Jennette asked Mr. Rauschenbach to calculate for the next meeting the differential of what we plan to collect and what we actually collected.

Council agreed to keep the proposed fees for manufacturer, retail merchant or service establishment above the \$25,000 minimum threshold in annual gross receipts to pay 80-cents per \$1,000 of its annual gross receipts. Instead of the current 75-cent rate for a license, but the customer would pay no more than the maximum for its category.

REVENUES

Mr. Smith and staff are particularly concerned that revenue declines facing the City are like to continue into FY10-11. Mr. Smith stated the property tax revenues are holding up pretty good and sales tax has leveled off.

Mayor Pro tem Mercer directed Council's attention to page 47 citing they collected an estimated \$3,500,000 on ad valorem taxes for 2008. Projections show it being increased only \$50,000 for next year, which is a very small increase in light of housing developments that have come on line this year. Also, Mayor Pro tem Mercer questioned Articles 39, 40, 42, and 44 – sales taxes and is concerned that the projection on sales taxes are higher than they ought to be. The State is projecting a 10% decrease in sales tax for the coming year. That is about \$2,000,000 of the general fund income and if we are high on the projections it will come back to haunt us. Ms. Radcliffe informed Council that these figures run three months behind on the sales tax distribution, so you are only looking at seven months collection. Mayor Pro tem Mercer wanted to call this to everyone's attention and express his concern. Council asked the Manager and staff to keep a close eye on the revenues.

Mayor Pro tem Mercer questioned the Utilities Franchise Tax. Ms. Radcliffe stated this is distributed quarterly and there have been two distributions. The Utility

Sales Tax is generated by collecting a utility sales tax from customers on their electric bill and for most customers it is generally 3% but considerably less for some farmers and manufactures. At the end of each month, this tax is remitted to the State, but the City is allowed to keep a portion. The portion that is kept is transferred from the Electric Fund to General Fund; the City keeps 3% of gross margin.

PLANNING DEPARTMENT

No changes were made in the Planning Department budget at this time. Council wished Bobby Roberson well on his retirement.

POLICE DEPARTMENT

Police Chief, Mick Reed felt significant progress had been made citywide especially with Project Next Step. Mayor Jennette stated she had heard some good comments concerning the program.

Chief Reed requested guidance from Council concerning a part-time Animal Control Officer (30 hours p/wk). Currently, the City contracts with the County in the amount of \$27,000. Chief Reed explained the County has reduced their Animal Control staff from 3 down to 2. The proposed dollar amount does not include a vehicle.

Council agreed to take the dollars committed to the contract (\$27,000) for a part-time employee (salary \$23,000) and use the balance (\$4,000) for equipment. We would need to find a temporary vehicle or get our truck back from the County. Council further stated if this project could not be accomplished for the \$27,000, then we should keep the contract with the County.

Line item 10-10-4310-1605 Maintenance/Repair Police Equipment - removing and installation of five mobile units on cars should read 4 units and not 5, Chief Reed agreed.

ADJOURN

By motion of Mayor Pro tem Mercer, seconded by Councilman Woolard, Council adjourned the meeting until May 26, 2009 at 4:30pm in the Council Chambers and agreed to move the remaining agenda items to that time. Councilman Jennings and Councilman Davis voted against the motion. Motion carried.

Cynthia S. Bennett
City Clerk