

CITY OF SALISBURY
BUDGET WORK SESSION
MAY 3, 2016

Public Officials Present

Council President John “Jack” R. Heath	Mayor Jacob R. Day
Council Vice-President Laura Mitchell (arrived 9:00 a.m.)	Councilman James Ireton, Jr. (left 2:30 p.m.)
Councilman Muir Boda	Councilwoman April Jackson

In Attendance

City Clerk Kim Nichols, City Administrator Tom Stevenson, Assistant City Administrator Julia Glanz

The City Council convened in Budget Work Session at 8:40 a.m. in Conference Room 306 of the Government Office Building. The following is a synopsis of the discussion held:

Internal Services Director Keith Cordrey presented the Financial Health of the City:

General Fund discussion

- Balance Sheet
- Statement of Revenues and Expenditures
- Capital Outlays

Water Sewer Fund discussion

- Net operating income compared to previous year due largely due to the \$39 million WWTP loss
- Statement of Cash Flows
- Established basic minimum balances
- Revolving fund
- Resolutions 2553 and 2554 transferred \$1 million
- Impact fees

Statement of Net Position discussion

- The City went from a negative unrestricted debt deficit of 2.5 million in FY14 to 30.9 million in FY15 mostly due to the impairment loss
- *Total unfunded liabilities* for post-employment benefits went to \$19.3 million
- Impairment loss is completely realized on the books and realized as ½ of the total asset and the other ½ goes forward because ½ of the infrastructure benefitted the new WWTP
- *Capital Improvement Plan* by funding source – The City’s Financial Policy specifies the limit for debt service is 10% of expenditures (\$4.2 million). Available debt service at the end of FY17, assuming all the CIP was in the budget, would be 32% (\$1.3 million) and over time declines from \$1.3 million, to \$1 million, to \$782,000 to \$390,000, to \$95,000.
- *Charges for services* in 2015 - \$6.5 million (in 2009 - \$6 million, in 2008 - \$7,000).

- *Taxes* are at \$23.9 million. In 2010 they were \$23.3 million (City is building back up to 2010 levels)
- *Fund Balance* – a trend from 2007 to peak at 2012
- *Benchmarks* – Holds a strong position (over 15%) on the City’s total fund balance. Unassigned fund balance is also strong. Debt to Market is adequate (2.41 compared to 3.42 last year)
- *Debt per Capita* - \$2,097 because the City received an update on the population, which went from 30,000 to 32,000
- *Annual Debt Service* – 6.68% vs. 6.6% the previous year, and still an adequate position.
- *Water & Sewer Unrestricted Balance* – Considered to be in a strong position, but less strong.
- Parking Authority needs to improve

Financial Health Summary

All of the benchmarks held to be the same as they were in the previous year.

Proposed budget

Personnel includes a one-step increase with a number of reclassifications. There is a 2% increase in Water/Sewer rates and Property Tax includes an increase of .062 (from .937 to .9432 based on constant yield). There was no proposed change in the Personal Property tax rate.

General Fund - \$2.2 million in Capital Outlay (\$830,000 was funded from Revenues, \$168,500 funded from Bonds, 1,200,000 funded from Lease)

Council discussed Public Works Reclassification and 35 hours to 40 hours

Housing & Community Development

Joining Council at the table were Susan Phillips, Deborah Stam and Theo Williams to review the budget of the new department created from combining the Community Development and Neighborhood Services and Code Compliance departments. Ms. Phillips reviewed the goals of the department and reported the department was able to eliminate the Housing Supervisor Position. Capital Outlay has reduced and Operating expenses are increased due to the lease of the new facility needed to house the increased staff.

Ms. Stam explained to Council that the CDBG funding amount of \$290,000 received by the City is the amount set by the Federal Government and based upon a formula directly related to population data. The City falls within the Metropolitan District Area but could receive much more funding if it changes its entitlement status. Council discussed the difficulty in re-obtaining the entitlement status should the City choose to take the other route.

Mayor Day reported Administration had discussed the options and was willing to put the work and research into applying for funding for larger projects. Ms. Stam stated that they would be operating as the City of Salisbury and not as the larger Metropolitan District Area, and would be competing against many other projects. Council will hold a discussion later on risk-reward assessment, and then make a decision.

After breaking at 10:35 a.m., Council re-convened at 10:45 a.m.

Planning & Zoning

Planning & Zoning Director Jack Lenox joined Council at the table and discussed the departmental goals and challenges.

Discussion with Mr. Lenox included the following:

- Rt. 13 North/South and greenway Consultant Contract
- Priorities – Joint City/County GIS – intentions to improve the work and ensure it is available to everyone
- Forest Conservation Plan and Critical Area
- Fire Safety
- Inspection of structures
- Economic development

Building, Permitting & Inspections

Building, Permitting & Inspections Director Bill Holland joined Council to discuss budget requests and departmental goals for the department. Discussion with Mr. Holland included the following:

- Decreasing the time it takes to issue various permits and correspondence
- Capital Outlay discussion
- Building homes/townhouses/apartment houses in the City

Information Technology

Information Technology (IT) Director Bill Garrett joined Council to review IT's budget requests and goals. Discussion with Mr. Garrett included the following:

- Downtown Wi-Fi availability is 99% of the time (outages only occur during reboots of the system)
- Putting Downtown Wi-Fi in with the new broadband
- Consolidation plan
- Security
- New Website
- Munis
- Replacing Laserfiche server with Cloud hosted server
- New position – Computer Technician

Following a ten-minute recess, Council reconvened at 11:45 a.m.

Procurement & Parking

Assistant Director of Internal Services - Procurement & Parking Jennifer Miller joined Council to discuss the budgeting requests and goals. Topics of discussion included:

- PCard system
- Average rate of savings on purchase orders over \$1,000 is about 6.8%; 18.4% on competitive solicitations

- Contract Management System

Government Office Building

Ms. Miller presented the budget for the Government Office Building (GOB).

- Budget includes ½ of the estimation for security (shared with Wicomico County)
- Some capital projects are included in the budget

Council discussed cleaning/repairing carpet on the third floor and in Council Chambers. Projected costs are lower this year than last year as there are less projects to be completed. \$239,000 was projected in the Mayor's budget, but the amount is now \$219,000 due to Wicomico County's recalculation.

Parking Authority

Ms. Miller presented the budget for FY17 Parking and noted that Parking Surplus was being used rather than General Fund funds.

- 34% increase in revenue in Transient Usage – Parking Meters third quarter this year versus last year
- 10% increase this year in the revenue received from the hourly tickets in the garage and Lot 1
- Permit usage - almost 77% of the parking permit capacity versus about 72% last year
- Personnel is lower than last year due to the change in staff
- Parking garage condition survey is included to examine the structure of the garage to give the City information on maintenance and repair expectations for the next few years
- The water infiltration damage to the facade caused by water expanding and contracting due to the freezing/thawing cycle required much work on the top garage level and cost about \$60,000
- Need to re-address an expansion joint in the Parking Garage by getting an Engineer's evaluation

At 12:15 p.m., Council recessed for Lunch and reconvened at 12:55 p.m.

Internal Services – Finance

Internal Services Director Keith Cordrey presented the budget and discussed goals and priorities. The following was discussed with Mr. Cordrey:

- Career ladder
- New position (Accountant II)
- Collections
- Debt Service
- Automatic withdrawal for water/sewer bills is a function in Munis

- Debt Service - 2.7% over last year's budget; Davenport recommended bonding the City vehicles

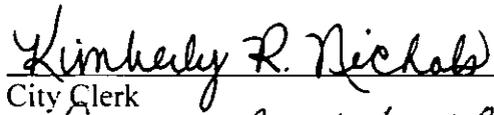
Adjustments – Revisit list

Council discussed the following items on the revisit list and reached consensus on the following items:

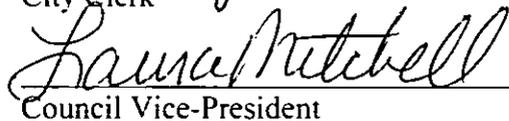
- To purchase the additional fire engine and accept the Fire Volunteer's offer to pay for the first year (24035-558600)
- Not to fund the SPD chiller since a replacement chiller can be paid from Surplus (21021-534301)
- To increase City Attorney by \$5,000 to \$270,000 (17000-513301)
- Not to fund SPD training
- Did not agree to SFD Incentive Program since it was only for half the year
- Fund SWED at the Mayor's level (11600-569212)
- Reduce GOB by \$20,000 due to the County's over-estimation (19500-534301)
- Removed projector- \$250.00 (12000-577030)

Mr. Cordrey stated the Worker's Comp final quote has not been received as of yet.

With nothing further to discuss, the Budget Work Session adjourned at 2:58 p.m.



City Clerk



Council Vice-President