



Morrisville Town Council

Retreat Session, Chamber of Commerce
January 09-10, 2010

Saturday, January 9, 2010 – Retreat Part 1

Prepared by facilitator, Lydian Altman

Retreat Objectives:

1. Consider a set of discussion guidelines and approaches that enhance group effectiveness.
2. Develop internal operating principles for conducting Town Council business.
3. Understand our roles and responsibilities as members of a governing board and staff and as individuals.
4. Review previously-established nine goals, current body of work underway, and the challenges ahead. Revise or adjust goals as necessary. Rank current work in order of importance.

Attendees: Mayor, Council, Town Manager, Senior Directors for the morning session; Department Heads, Budget Manager, Public Information Officer, HR Managers joined for lunch and afternoon session at noon.

Assets & Perspectives Introductory Exercise:	
What skills, abilities, or perspective do you have to <i>give</i> to the organization as a council/staff member?	What do you hope to <i>gain</i> from the experience of serving as a council/staff member this next term?
Lots of experience with municipal govt in general/this govt. in particular/variety of departments and/or settings coordinating or managing resources (4)	Like to see mutual trust and continued good relations between the council and staff (5) <ul style="list-style-type: none"> • Want citizens to be able to rely on town services • Staff/council actions and attitude are reflection on each other
Like to involve all residents in their government	Make a difference in our Town's future and in the lives of our citizens; Leave change in place for the better; be in a profession that matters; do work that has honor and integrity (4)
I am most closely representative of the demographics of our residents so I feel my views align.	Reflect the will and intent of the citizens
Good listener who can take in lots of information, synthesize and communicate to others	The satisfaction of providing service that benefits residents and business community (2)
Longtime resident. I've seen advances, changes, foundation for the work we're undertaking now.	Continue to learn; be challenged; accomplish something; provide the opportunity for all these assets to be marshaled and directed in ways that shine! (2)
Great deal of community interest and involvement	Honesty and integrity in the work I do
Marketing, sales; common sense approach	
World-wide view and ability to work with a range of people	
Planner. Orientation to the future. Interface with citizens to represent the town to the community	
Very serious about the technical aspects of my work (2)	
Maximize efficiencies in the delivery and reporting of services	

Values & Discussion Guidelines

Presented and discussed discussion guidelines that contribute to effective meetings. Added 8 and 9 to the existing list as guidelines to practice today and try to follow in the future.

1. Participate fully.
2. Work on the problem.
3. Focus on interests, not positions.
4. Share all relevant information.
5. Stay focused.
6. Decide how the group will make decisions
7. Put principles above personalities. Serve/focus on the greater good.
8. The Golden Rule
9. Check out Assumptions.

Internal Operational Principles: How We Want to Do Our Work

Given the task or mission of this work group and the many roles and responsibilities its members fulfill in both their personal and professional lives, this group wants to define some operational or philosophical guidelines for doing its work.

(Facilitator’s Note: I crafted these principles from the phrases generated during our meeting and the ways in which those words were defined. Please review these to see if they can be principles Council is willing to adopt and use.)

As a Council, no matter what we are doing, we want to be able to say that we....
1. Seek to understand all relevant information and facts as we consider situations to make thoughtful, well-reasoned choices.
2. Listen to others and remain open-minded to other perspectives or choices
3. Act with respect for others and treat them as professionals.
4. Maintain high standards and demand quality in our own actions and the actions of others.
5. Strive for efficiencies by being well-prepared in advance of meetings, asking questions when we have them instead of holding until later, and are consistent in our actions.
6. Employ self-discipline to focus on the larger issues at hand, pay attention to discussions, and ensure our remarks remain relevant and add value to the discussion.
7. Support the final decisions of the council, even when we may have voted differently, and represent a unified front.
8. Appreciate and value the professionalism and experience of the staff and value their recommendations, even when the final votes do not support staff recommendations.

Roles & Responsibilities

The group produced a set of possible responsibilities by having each participant write three government activities for board members, mayor, manager, etc and posting these on a wall with these three clearly labeled.

We discussed any questions we have about the council/mayor/manager/staff's responsibilities; see what others might say about those responsibilities (some suggestions are serious differences and others are 'tongue and cheek' suggestions, like, "The Mayor is in charge of everything" or "the manager's job is to spend taxpayer money"); identified areas of agreement and disagreement over expectations; and discussed and decided how the group will hold each other accountable for upholding these expectations.

What the MAYOR says she is responsible for...
<ul style="list-style-type: none">✓ Conducting council meetings, keeping order, making sure all are civil to one another, and being punctual.✓ Voting as one member of a 7-member council.✓ Acting as a liaison between staff and council. Seek to communicate clear direction from the board to the staff and vice versa.✓ Attending and representing the Town at county and regional meetings.✓ Signing official documents.✓ Being the focal person for public relations events or interactions. Responding to media when requested.
What others might say the MAYOR is responsible for...
<ul style="list-style-type: none">✓ Resolving anything that happens in the town limits! :->)
The MAYOR will hold herself accountable by...
<ul style="list-style-type: none">✓ Keeping the council informed on issues being discussed elsewhere and communicating board-approved decisions or already-adopted policies to others.<ul style="list-style-type: none">○ If pressed to respond in the absence of decision or policy, Mayor will relay this back to council and staff as soon as possible and provide context for remarks. (Remember to assume intentions are best and Check Out Assumptions about any delayed or miscommunications.)<ul style="list-style-type: none">▪ Check for email updates about actions▪ Check my Outlook calendar to see where I'm scheduled✓ Using/creating opportunities to educate general public about the council-manager form of government since many are not familiar with this format and assume mayors have greater authority than allowed by statute or ordinance.✓ Reporting Town actions accurately. Get facts from PIO. May request questions in advance of interview.✓ Alerting council of interviews granted.
MAYOR PRO TEM acts on behalf of the Mayor when she is incapacitated or unavailable.

What the COUNCIL MEMBERS say they are responsible for...
<ul style="list-style-type: none"> ✓ Making decisions for the Town. ✓ Seeking and understanding citizen issues and objectively representing and working on issues and concerns of citizens, property owners, and business owners in the political process. ✓ Allocating resources to provide 'expected level' of services to our citizens. ✓ Considering all needs, not just the needs of the vocal; consider needs of future and current citizens. ✓ Being informed, present, and prepared to make decisions; being ethical and professional.
What others might say the COUNCIL MEMBERS are responsible for...
<ul style="list-style-type: none"> ✓ Setting the tax rate (and keeping it low).
The COUNCIL MEMBERS will hold themselves accountable by...
<ul style="list-style-type: none"> ✓ Utilizing the Operating Principles. ✓ Reflecting on decisions and actions. ✓ Making decisions even if they are unpopular or difficult. ✓ Identifying and asking staff for information that will help them make informed decisions. <ul style="list-style-type: none"> ○ Between Briefing meeting #1 and #2, <ul style="list-style-type: none"> ▪ call (or email with cc: to senior director) briefing officer directly with questions. He/she will alert manager of contacts. Or ▪ Give direction to manager about what else is needed ○ Any requests made or information provided will be shared with <u>all</u> council members.

What the MANAGER says he is responsible for...
<ul style="list-style-type: none"> ✓ Providing and maintaining efficient, effective staff. I'm accountable for staff actions. ✓ Town-wide compliance with town council directions, local, state, and federal laws and regulations. ✓ Preparing recommended actions for Town council consideration based my education and experiences in similar situations. ✓ Providing accurate, timely information to enable Council to reach sound decisions. ✓ Preparing and recommending a balanced budget annually to Town Council. ✓ Acting as the spokesperson for the town by attending meetings, interpreting priorities, and informing about positions. Manager turns to the elected official to do this first. ✓ Attending board meetings and preparing agendas (with assistance of clerk and input of staff). ✓ Developing partnerships to carry out town work.
What others might say the MANAGER is responsible for...
<ul style="list-style-type: none"> ✓ Interpreting the gray areas. ✓ Responding to citizen calls; making referrals. ✓ Overriding staff or making exceptions to policies.
The MANAGER will hold himself accountable by...
<ul style="list-style-type: none"> ✓ Periodic and formal evaluations by the Council. ✓ Level of 'static' or community reactions generated.

What the SENIOR DIRECTORS say they are responsible for...

Development Services:

- ✓ Managing Planning, Engineering, Building Inspections departments
- ✓ Coordinating our work with other departments
- ✓ Presenting good information and recommendation on issues to the public, appointed boards and Town Council
- ✓ Zoning administration
- ✓ Vertical communication

Business Management/Finance Director:

- ✓ Purchasing and Contract, Internal Audit, Finance, Budget, Information Technology
- ✓ Financial responsibility of all finances; legal responsibilities by NC General Statute
- ✓ Daily operations of DBM directorate/oversight
- ✓ Liaison with and to the manager and council
- ✓ Bond ratings

Community and Emergency Services:

- ✓ Providing management oversight and direction to the Community and Engineering Services departments
- ✓ Assist the Town Manager in developing strategies to carry out the operations of the Town
- ✓ Support and implement Town policies and directions approved by the Council

What others might say the SENIOR DIRECTORS are responsible for...

- ✓ All ambiguous matters! When you don't know where it belongs, it must be a financial responsibility! Everything is tied to \$\$.
- ✓ Helping expedite the process or "forgive" a standard.
- ✓ Fixing staff "problems."

The SENIOR DIRECTORS will hold themselves accountable by...

- ✓ Meeting the Town Manager's expectations.
- ✓ Meeting the Town Council's expectations.
- ✓ Upholding personal and professional ethics.

What the CLERK says she is responsible for...

- ✓ Supporting the Council.
- ✓ Arranging meetings.
- ✓ Maintaining accurate and timely public records.

What others might say the CLERK is responsible for...

- ✓ Taking written and making audio minutes.
- ✓ Having general knowledge of all proceedings.
- ✓ Accounting for and making records accessible.
- ✓ Committee management.

The CLERK will hold herself accountable by...

- ✓ Being responsive to council, manager, co-workers, and general public.

What the ATTORNEY says he is responsible for...
<ul style="list-style-type: none"> ✓ Advising Council and staff on legal issues. ✓ Preparing legal documents – ordinances, contracts, resolutions, etc. ✓ Defending Council and staff in legal actions.
What others might say the ATTORNEY is responsible for...
<ul style="list-style-type: none"> ✓ Helping others (residents or businesses or other attorneys) broker a compromise or resolve disputes.
The ATTORNEY will hold himself accountable by...
<ul style="list-style-type: none"> ✓ No input in this section.

Town of Morrisville Goals – Retreat Part 2

Prepared by facilitator, Lydian Altman

Celebrating Your Successes	
<i>What has happened since January 2009 of which you are most proud?</i>	
Higher level of citizen participation	Changes, improved council procedures
NC Highway 54 and Morrisville Carpenter Rd. enhancements	Jeremiah Street built
Change in direction and leadership resulting from the election	Higher bond rating
Getting more grants	Improved website and tools for registering, contacting, searching
Adoption of a revenue neutral budget	More sidewalks on Church Street
Welcome Home ceremony for National Guard troops	Positive response of employees to providing services in light of increased demands (and not pay increases)
Review of land use plan	Extension of sewer lines in Shiloh
Police Department accreditations	Creation of a K-9 unit
Media attention about the work of our Police and Fire departments	Progress on Town Center Plan
Start of new greenways system	Low turnover rate of employees
Receiving statewide awards for plans	

Understanding Your Context	
<i>What has changed since the goals and priorities were last revisited?</i>	
Infrastructure and transportation needs always pressing for us in this location.	Policies at the state level regarding the speed of the development approval process slowing us down.
Stronger emphasis to protect the environment.	More grants are available.
Slowed growth in the tax base.	More cooperation internally within the organization. We're all looking to save \$\$.
Growth pressures continue (more for us than elsewhere) despite overall downturn.	Wake County is seeking stronger partnership on issues that require a regional focus.
Skepticism/negativity in the development community, banks, and general public.	Downturn in building has presented an opportunity to breathe and consider development options instead of feeling pressured to react.
Emphasis on public infrastructure needs, such as greenways, new parkway, Kitt Road extension, Highway 54 improvements.	Decreased willingness to help or be flexible from vendors we've worked with as partners. Conversely, those vendors who want to work with us are more open to helping.

Manager John Whitson led a review of the previously-established nine goals to consider:

- Given the accomplishments you've already made and the changes in the external environment since last time they were re-visited, are there additions, tweaks, or adjustments that need to be made? Do they still represent the general direction the town should head?

No changes to the goals were suggested but this discussion and others throughout the day did prompt the following set of follow-up items:

For Regular Meeting agendas (the rolling list of items to discuss when time permits):

1. Who responds to emails addresses to Town Council (in general)? How do email responses from individual council members back to constituents get handled?
2. Should we consider changing the way the Clerk is supervised? By Manager? By Council? Some combination or some other way?
3. What should we do next with the Pugh House?
4. Explore method for soliciting and funneling private donations to support local events and nonprofits
 - a. Should we spend staff and/or council time in an effort to establish a foundation to serve local philanthropic needs? Is there someone else in town willing and able to champion this effort?
 - b. How might a foundation contribute to furthering the public good? be the Town's partner in providing services to citizens?
 - c. Will the foundation help us to find private sponsors for events, such as Christmas Parade, or do we need to pursue another option for enabling private support?
5. What can be done to build greater rapport between the council, staff, and community?

For Upcoming Council Work Session (following January 26, 2010 meeting)

6. Discuss and decide a course of action for a number of land use issues related to the Town Center Plan. (Newly elected officials may desire a briefing about this before the January meeting.)
 - a. Review recently adopted Land Use plan to see how 'mix' is defined in *Goal One: A mix of land uses that is environmentally sensitive and sustains livability in a changing community*. Do we want to make changes to this definition?
 - b. How do we define 'small town values' as stated in the Town Center Plan?
 - c. What is the currently defined role of public-private partnerships in the Town Center development? Do we want to adjust that role in any way?

- d. Branding: What makes Morrisville unique? i.e., what do we suggest be featured in an upcoming issue of ***Our State*** magazine?

For Briefing Meeting:

7. Consider convening a Highway 54 Task Force to look for solutions and resources to address traffic congestion
 - a. Cross jurisdictional
 - b. Include private and public sector representatives

For Staff to Complete:

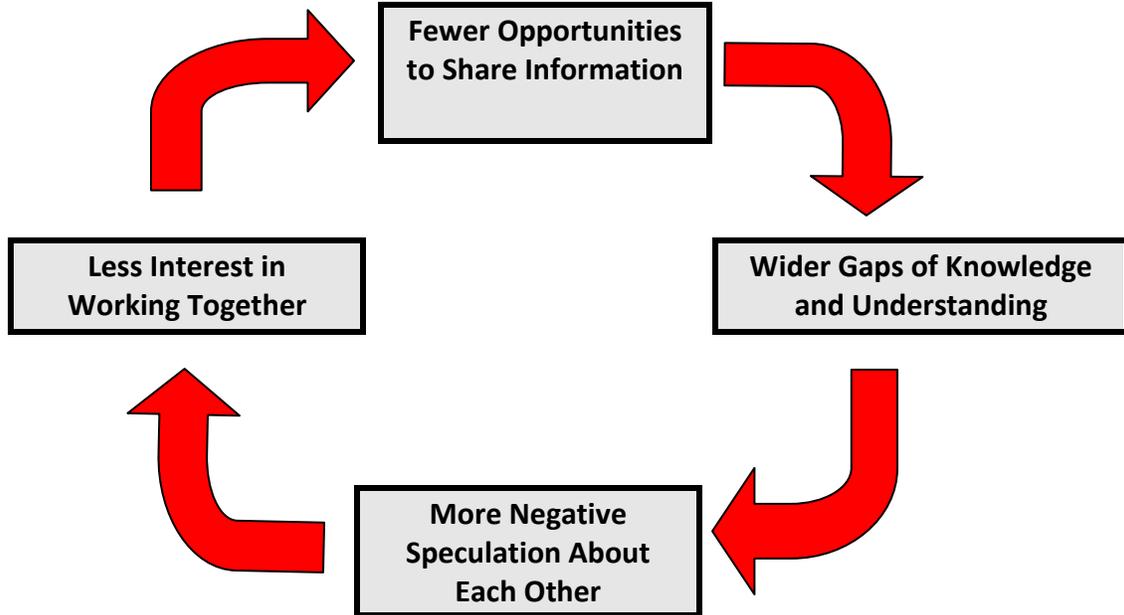
8. Develop a Top Ten list of Savings Accomplished in FY 2009-2010 (Julia)
9. Develop a list of acronyms for council and staff edification (Stacie)
10. Identify opportunities for Council to increase Morrisville's presence regionally. Make specific recommendation for chances to 'suit up and show up.' (John)

Items for future Discussion:

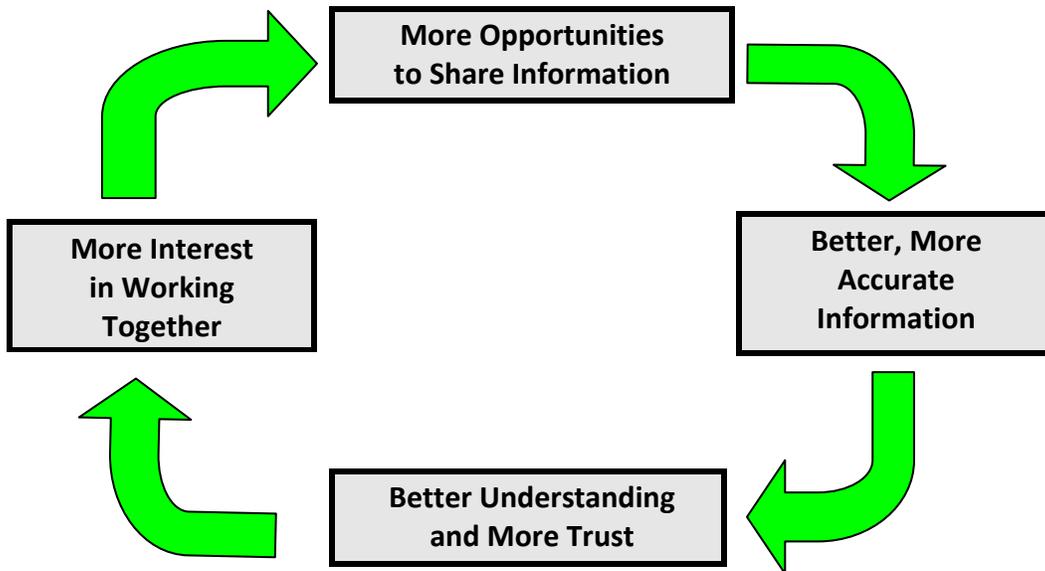
- How and when to complete the Unified development Ordinance (UDO)
- Consider the inventory list of town property and what should be done with them.
- Explore ways to increase civic capacity and citizen involvement in community life.
- Offer support to staff through non-monetary incentives and rewards to employees, whenever possible.

The Cycle of Communication

When There Are Problems...



When There Is Frequent and Accurate Communication...



Sunday, January 10, 2010 – Retreat Part 3

Prepared by Town Clerk, Diana Davis

Mayor Holcombe called the third part of the 2010 Retreat to order at 1:06 pm. Also present for the meeting were Mayor Pro-Tem Martin and Council Members Murry, Lyons, Diehl, Johnson and Broadwell.

Present staff included:

Frank Gray/*Town Attorney*

John Whitson/*Town Manager*

Diana Davis/*Town Clerk*

Julia Ketchum/*Senior Director of Business Management*

Tim Gauss/*Senior Director of Development Services*

Tony Chiotakis/*Senior Director of Community Services*

Stacy Wachtel/*Accounting Manager*

Stacie Galloway/*Public Information Officer*

Ira Jones/*Police Chief*

Ben Hitchings/*Planning Director*

Bo Singleton/*Information Technology Director*

Jerry Allen/*Parks, Recreation and Cultural Resources Director*

Todd Wright/*Fire Chief*

Julie Waller/*Safety and Risk Manager*

Jeanne Hooks/*Budget Manager*

Forrest Fleming/*Inspections Director*

Blake Mills/*Public Works Director*

Mary Beth Manville/*Human Resources Manager*

Lauri Shedlick/*Human Resources Manager*

Keith Billy/*Town Engineer*

A quick assessment of the previous day's activities was completed including quick comment by each participant.

John Whitson, Town Manager noted that the list of goals and initiatives was not the entire list of duties but more a list of extracurricular projects outside of the regular work duties. Staff would and does make every attempt to address Council Members' requests and approved projects. However, there was a process and the work needed to be deliberate for a quality product.

Mayor Holcombe noted that the preference seemed to be to expound on some of the items that came from the sessions held on January 9th and to do that after regular business was handled at the business meetings.

Mr. Whitson started the [Retreat Presentation](#).

Jeanne Hooks, Budget Manager presented the council with a [LRFM/CIP Summary Report with 5 Year Projections Post Audit](#).

Mayor Holcombe asked about the tax rates and the capital projects.

Ms. Hooks noted that was listed with and without CIP projects. There were two projects, the Fire Station and the Ball Park that were already moving forward.

Council Member Diehl asked about a potential tax increase if the projects were completed.

Mr. Whitson stated that there were revenues being consumed and there were revenues decreasing so there was no guarantee about completing projects that were underway with or without a tax increase. The two projects were the fire station and the ball park which were to be completed with voted approved bonds. The other factor was if a grant was obtained or not.

Mayor Pro-Tem Martin asked about the time frame for processing bonds.

Mr. Whitson stated that bonds were not sold unless there was a contract to build. There was land acquisition to be made prior to design. There was a 7 year time frame given by the bond authority after bonds were voted upon and approved.

Mayor Holcombe asked about the tax rate section of the [2009 Post Audit LRFM/CIP Summary](#).

Ms. Hooks stated that if the Council did not want a tax rate increase the staff would need to know that information. The next step for funds would be the fund balance. Surplus should not be used for operations but more for one-time items. This summary gave possibilities but did not define how the Council should handle it.

Council Member Diehl asked about assurances for these two projects.

Mr. Whitson stated that there was a lot of work done on these projects already. The Council could stop the projects but there was a cost to that as well. There were already funds put into it that could not be recouped.

Ms. Hooks noted that the ad velorum tax was coming in better than projected however the sales tax was coming in lower that projected.

Mayor Pro-Tem Martin asked about a worst case scenario for the financial future.

Mr. Whitson stated that worst case scenario was a matter of perception. Staff could lay out their predictions at decision points associated with projects to give the Council the information they need to make good decisions.

Council Member Murry stated that the amount preliminarily for 2010 was .0031% of the tax rate, which was about \$100,000 and that money could probably be made up in revenue.

Mr. Whitson stated that revenues could come in with an extra \$100,000 or with \$100,000 less. The first draft of the end of the budget came out and because there were only three months left in the fiscal year, there would be clearer estimates.

Mayor Holcombe asked if the expectation was to be within 98% of projections.

Mr. Whitson stated that would always occur.

Mayor Holcombe asked about lost revenue from tax on properties.

Mr. Whitson stated that if someone could not make their tax payment they would probably set up a pay plan with interest.

Ms. Hooks noted that the worst case scenario was mentioned earlier and to address that, projects were estimated very conservatively. Morrisville was in a good area and there were few bankruptcies comparatively. Departments were cutting back with as little effect on operations as possible.

Council Member Murry asked if the tax base growth was static or if it fluctuated.

Mr. Whitson stated that the percentage of growth rate formula declined over years and then stabilized. The tax base grew more than anticipated this year. Probably partially due to Grace Park, which developed pretty rapidly. Real estate gets revaluated every 8 years and that was able to be accounted for. However, personal property was revaluated every year and that was not so easy to estimate. It seemed that the tax base was there for Morrisville during this economic time. However, when others start to recover, Morrisville would have a slower increase.

Mayor Holcombe stated that the assumptions appeared solid.

Ms. Hooks stated that this was the post audit picture and gave a position to start from. This gave the Council focus and the ability to see the areas of risk and possibility. It gave a point to move forward from into 2011. This plan had no Cost of Living Adjustment (COLA) for staff but did include a merit increase.

Mr. Whitson stated that COLA was removed for all the out years, which improved the fund balance by \$2 million. The merit plan was still intact. However, there would be more work in this area.

Mr. Whitson continued with the [Retreat Presentation](#) (starting with slide 4).

Mayor Pro-Tem Martin asked about debt service.

Mr. Whitson stated that adopted policy limited this to 15% of general fund expenditures including installment purchase debt. Morrisville has been taking the Long Range Financial Plan (LRFP) and distributing it to other agencies per their request. The LRFP was very helpful when Morrisville went for bond rating. The one detriment was that a huge percentage was controlled by one entity, which was Duke Realty. The bond rating agency viewed that as a weakness. However, it was clear that the town would collect from that property no matter what happened the to the tax payer.

Council Member Murry asked if they gave feedback on what percentage Duke would need to be at to do away with that perceived risk.

Mr. Whitson stated that they did not they just noted it as an area of concern as tax base was not diverse enough. There was nothing that could be done about that. It was always good for them to build a building and then sell it. That would provide the same tax base with different tax payers.

Mr. Whitson continued with the [Retreat Presentation](#) (slide 4).

Mayor Pro-Tem Martin asked about special funds.

Mr. Whitson stated that there should be a special fund for Information Technology (IT) equipment which replacement of occurred on a regular basis. Maintenance of roads was another fund. Building of roads could not have a fund like this because the savings of funds for roads occurred at a slower rate than inflation usually. This was a different time, but it was hard to save money to build roads. The road fund being discussed was for maintenance of roads.

Mayor Holcombe stated that the Council should probably discuss this some more. Maybe there could be a road design fund.

Mr. Whitson stated that creating any new fund was difficult right now with the budget. Morrisville had a long history of being enviable in the fact that town roads were not old. There was not a lot of maintenance cost history to base estimates on. The road fund was desired to be established by the staff. The longer maintenance waited the more expensive it would become.

Council Member Broadwell asked about interest rates on special revenue funds.

Julia Ketchum, Senior Director of Business Management stated that the rate was less than 0.5%. Staff had investigated cd's as an investment option and that provided the best rates at 1.60%. The town could not invest in normal banks.

Mr. Whitson stated that there was a list of investments for idle funds. Security, liquidity and Yield (SLY) were the factors in determining investments. The town could invest in banks that were included in the treasurer's pool because they have committed their assets to back up the treasurer.

"Street Maintenance and Design Fund including Pre-NEPA" was added to the further discussion list.

Hooks stated that the 2011 Long Range Financial Model (LRFM) included a special fund for IT replacement costs.

Mr. Whitson continued the [Retreat Presentation](#) (slide 9).

Mayor Holcombe recessed the meeting at 2:22pm and reconvened the meeting at 2:36pm.

Mr. Whitson continued the [Retreat Presentation](#) (slide 14).

Mayor Pro-Tem Martin asked about if the town paid LEO (Law Enforcement Officers') Separation Allowance for new Police Officer's for their law enforcement career or just their time with Morrisville.

Mr. Whitson stated that it included all the time throughout their entire career.

Council Member Murry stated that he would like a breakdown of employee health care costs with family member cost included separately.

Mayor Pro-Tem Martin asked about research into life insurance costs.

Mary Beth Manville, Human Resources Manager stated that they had but it was not part of the medical costs. The costs had not gone up and there was one pay out over the last 6 years.

Mayor Pro-Tem Martin asked about employee death on the job.

Ms. Manville stated that would be handled through a different avenue.

Council Member Broadwell asked if Fire and Police incident would be handled through that same avenue.

Ms. Manville stated that it would, but sometimes it was handled through associations that were not a cost to the town.

Todd Wright, Fire Chief stated that there were line-of-duty death benefits available through associations. The fire department did purchase a life and accident policy for those on duty and there was a supplemental policy for off-duty as well through an association.

Mayor Holcombe asked if 100% health coverage for employees was common.

Mr. Whitson stated that it was common in North Carolina. There were some that had the employee pay a percentage.

Ms. Manville stated that municipalities could not compete with pay for municipal employees compared to pay in the private industry so there were good benefits to retain and attract employees.

Council Member Murry stated that if health insurance premiums increased 18% – 20% and that was paid by the town that seemed to be like a salary or compensation increase.

Ms. Manville stated that it could be perceived that way. However, on years that dependant health care went up that seemed to be a decrease in pay to the employee.

Ms. Ketchum stated that staff included a summary of yearly benefits and an associated cost with employees' W2 each year.

Council Member Murry stated that considering employee compensation was not just a paycheck was a good outlook. Also, it may be good to see what kind of reward or incentive could be given for wellness or other such activities.

Mr. Whitson stated that Blue Cross Blue Shield (BCBS) was aware of wellness programs. They indicated that clients with wellness programs hold every clients costs down. BCBS made programs available to the town.

Council Member Murry stated that sometimes depending on the pool of employees there could be a focus on employees considered to be at higher risk, such as pregnancy.

Mr. Whitson stated that was nothing compared to organ replacement or cancer.

Council Member Murry stated that it could tell who the most expensive employees were.

Ms. Manville stated that staff did receive indicators of factors that increased costs and that was then included in the wellness programs.

Mr. Whitson stated that BCBS did add such notes as “encourage employees to go to the doctor more instead of the emergency room to keep costs low” for example.

Council Member Murry stated that work on diabetes education may be a good response.

Tony Chiotakis, Senior Director of Community Services stated that the town could not target individual employees.

Council Member Murry stated that there could be a way to address high cost areas.

Lauri Shedlick, Human Resources Manager stated that staff did look at the current deductibles and pay was included by the broker annually during health care considerations. The Goal was to keep the plan that the town employees currently had. It was competitive and helped with recruitment.

Council Member Broadwell asked who made these types of determinations.

Mr. Whitson stated that he usually made the final decision because it usually had to be done at the last minute.

Council Member Johnson stated that recruitment and retention of quality employees was an important goal. It was easy for an employee to move to a job with another municipality in this area. Benefits were crucial in the equation to retain quality employees.

Mr. Whitson stated that Council Member Murry had mentioned that these benefits were like a pay increase. The benefits were somewhat equal across the board in local municipalities and employees may feel like they could just go to a different municipality that gave the benefits and a pay increase for example.

Mayor Holcombe stated that she was a little uncomfortable about calling the increase the town puts toward the premium a benefit. An employee wants to see how much they have when they get paid. It was also a concern to an employee if it would cost more when they go to the doctor. It was not advisable to forego pay increases in order to fund an increase in health care. In that event the town should not provide a 100% health care plan and call that the reason the employees were not getting a raise. It was important to recognize that there were two options here and it was good to be able to say yes to both, but there may come a point where one or the other would have to be chosen.

Mr. Whitson continued the [Retreat Presentation](#) (slide 20)

Mayor Pro-Tem Martin asked if the auditor that conducted the pay study looked at the number of employees or each employee's positional pay.

Mr. Whitson stated that the auditor was not an organizational specialist. He was an employee benefit and pay specialist. The vast majority of employees were at market range and the town was competitive with other towns in this area as well as the private industry. There were a few that were being paid under market. Some were classified higher than industry practice.

Ms. Manville stated that out of 87 positions there were about 4 or 5 that were under the market amount and 10 to 12 that were higher than market amount. Most of those were administrative employees. Some just did not have a specifically named position to compare to other municipalities.

Council Member Broadwell asked if the positions that were higher or lower than the market amount were in reasonable proximity.

Ms. Manville stated that they were not unreasonable but there were one or two that were unique and the auditor and staff tried to figure out what was comparable to in other towns.

Mr. Whitson stated that once staff had the final report they would go through it and make it available to the Council and the public.

Ms. Manville stated that staff had also prepared a [Human Resources Survey Report](#) of pay, merit increases, cost of living adjustments (COLA) and other benefits for Morrisville and other area jurisdictions that would be provided to Council.

Mr. Whitson stated that the bottom line was that while other municipalities talked about cutting COLA and Merit, most other jurisdictions did not do this, while Morrisville did.

Council Member Lyons stated that the town had to make a drastic decision about what to do about the budget without laying employees off.

Mr. Whitson stated that he would like to break from the presentation for a minute and cover the [Five Year Business Plan](#). It was noted that department heads and special offices worked this number down as low as possible.

Mayor Holcombe stated that she wanted a copy of this at the office for the public.

Jeanne Hooks, Budget Manager stated that the [Five Year Business Plan](#) linked back to the [Goals and Initiatives](#) because staff may receive an initiative or project and be unable to or have difficulty following through because of the budget. She also noted the departmental percentages were global across the town such as the fuel rate. This provided a very high level of consistent and transparent detail to the public.

Council Member Broadwell asked why the Town of Cary was listed on the Fuel Page.

Tony Chiotakis, Senior Director of Community Services noted that all fuel was received from the Town of Cary for a cost less than market rate except for diesel.

Mr. Whitson noted that the Town of Cary had back up power during power outages and this was a huge advantage as well for operations.

Mr. Chiotakis stated that overall in this plan staff went very far to show every detail. For example, it showed every ream of paper. This was an excellent job by staff. There was a concern that something may have accidentally been left out. There was no way to come up with any more funding. The level of the budget and the detail now forced staff to have to choose between things as they were and if something was left out or came up mid-year it could be devastating. At this rate, it would just have to be accepted at that point that a service would not be provided.

Tim Gauss, Senior Director of Development Services stated that there was a definite lack of flexibility.

Ben Hitchings, Planning Director stated that as the fiscal year progressed issues come up in the community and there were new issues that weren't there when the budget started and if funds were needed it was null.

Mr. Chiotakis stated there were a few dollars in the contingency fund.

Mr. Whitson stated that this plan included expenses by vendor, by department and every item was included. The thought was to earn credibility from the public that the town was accounting for every penny and this document was a well laid out plan to spend funds on the right things. There was departmental cooperation across the board as well.

Council Member Murry noted that the level of detail was beneficial.

Todd Wright, Fire Chief stated that if there was anything out of line departmentally this plan would cause it to be flagged, and with the internal checks and reviewers it would be noted and addressed.

Council Member Murry stated that there may be a fear of cutting the tax rate so low and that if the increase was miniscule, say 0.003% that may be able to be supported.

Mr. Whitson stated that the first thing to consider was what could not be done in the budget this year.

Mayor Holcombe stated that there was no stone unturned in this document. It was incredibly realistic and the assumptions made were solid. There was no next step for transparency. Good Job!

Council Member Murry stated that Council probably would not want to go through the whole plan but at least one department per year. This would also be good for the Budget Panel.

Mr. Whitson stated that he wanted to remind the Council that the charter of the Budget Panel called for review of the current year and the level of detail for the future year was not available for the current year.

The item “explore options for citizen involvement in budget” was added to the discussion list.

Mr. Whitson continued with the [Retreat Presentation](#) (slide 23).

Council Member Murry stated that another aspect for consideration for the folks that had not gotten a raise in four years was what their pay was to start with. There was more concern with lower grade employees.

Mayor Holcombe stated that in an extreme situation necessary adjustments could be made.

Ms. Manville stated that that it was not that anyone was “not whole.” However, there was the group that just started at a below market rate and had not moved past that amount.

Mr. Whitson stated that if all the employees that had not received increases were in an extreme situation say more than two years that was an issue that staff would like to take care of.

Mayor Holcombe stated that the Town Council’s role was to set general policy but not to consider specific cases.

Mayor Broadwell asked if folks that did get an adjustment would get back pay.

Mr. Whitson stated that staff was not certain yet until it was further reviewed and would not be acted up on until the Council concurred.

Council Member Murry stated that if an employee did not receive a raise for 3 or 4 years and was in the market range, that employee may be alright.

Mr. Chiotakis stated that if an employee was hired at Step 1 in market range, yet through policy changes that employee did not qualify for an increase even though it was earned through performance that could be an issue. That person deserved a way to move up the scale. There were employees that had been like that for a number of years and now they may be on the lower end of the market scale.

Council Member Murry stated that he just wanted to avoid giving raises just because employee was here for a while.

Mr. Whitson stated that staff would make a recommendation about what staff thought was right for the employees and Council could consider that and give direction.

Council Member Johnson stated that recruitment and retention were important.

Mr. Whitson returned to the [Retreat Presentation](#) (slide 24).

Council Member Murry stated that one of the transparency points was how many employees made over \$50,000 per year. When addressing a town wide pay plan it was important to get a handle on how employees were compensated in a global manner.

Council concurred that this was the right path to go down for a long term sustainable pay plan.

Mr. Whitson stated that the positive point was that it would keep employees pay at a fair rate.

Mayor Holcombe stated that employee retention was expensive when there was high turn-over because it took time to get employees up to speed.

Mr. Whitson returned to the [Retreat Presentation](#) (slide 30).

Mayor Pro-Tem Martin stated that it was indicated at the beginning of the year that personnel funds would not be used on other items.

Mr. Whitson stated that he would not but the Council could make that call. In this situation budget software to build and maintain the Long Range Financial Model (LRFM) would assist employees to input information and assist in providing information without having to hire additional staff. Additionally, the information would be more secure and considerably more accurate as there would be a reduction in possible keyboarding errors.

Jeanne Hooks, Budget Manager stated that the current LRFM included the [Quint Concept](#) but not the funds for the personnel for it.

Mr. Wright stated that this concept required 18 additional firefighters. Every time a quint was purchased three employees would be needed. But this saved having to hire 24 new fire fighters over time. There would need to be three fire fighters hired in 2011 for the quint that was already owned by the town. There was research done on this for other towns that were successful with this [Quint Concept](#) and those that were not. The ones that were not did not staff the equipment properly. This plan reduced the overall equipment and employees needed to maximize the Insurance Services Office's (ISO) rating.

Council Member Murry asked how much three fire fighters cost per year.

Mr. Wright stated it would be about \$125,000.

Council Member Murry stated that was comparative to a bit less than half a penny on the tax rate.

Council Member Johnson asked if the equipment was included in the plan.

Ms. Hooks stated that they would need to get another vehicle in 2011 and 2012. That was \$850,000 per vehicle. There was only \$200,000 going in each year so funds would have to come out of the general fund. The equipment fund was currently built into the LRFM, but it was a lot of money coming out of the general fund.

Mr. Wright stated that the ISO rating would be revaluated in 2011. If the town was executing this plan the rating evaluation could be deferred for another year. This would provide for the full benefit of the ISO rating. If this was plan was delayed it would be another seven years for another ISO rating evaluation. The key was when a quint was purchased three fire fighters were needed to staff it the following year.

Council Member Broadwell stated that the Council had not seen the total amount of funds on hand or how they accumulated so it was hard to say right now. The concept was good but it was uncertain if it could be afforded.

Mr. Whitson stated that if the personnel plan was cleaned up it could probably create enough to cover the three fire fighters needed now and in the out years for the [Quint Concept](#). Staff could come up with a way to deal with additional costs sent to the special revenue fund. If the Council liked the Quint Concept for the next ISO rating that was an aggressive schedule. If the Council did not desire this they could go through the rating without the concept, or ask for a special rating in a few years.

Mayor Broadwell stated that Council would need to know this directly benefited the town.

Mr. Wright stated that branding the town was important and there was only one town with a level one ISO rating and that was in Greensboro. There was no way Morrisville could do that but it could be improved with the [Quint Concept](#), which required three fire stations. So Morrisville had an opportunity to improve the ISO Rating. These quints have more capability than the current vehicles as well. The Quint Concept provided a way to have fewer vehicles, less employees while achieving the same if not better and improved the ISO at the same time.

Mayor Holcombe stated that there was a lot of support given by Council here today. So, the goal was to not set up staff to research something they thought was supported and then there were no funds provided later. It was important not to put staff into that situation. She asked each of the Council Members to list their top priorities regarding budget preparation.

Council Member Johnson stated that something important to her was taking care of employees. Retention and recruitment should be a high priority, including benefits and salary and not losing employees to other municipalities. It was good to have policies and procedures and professional staff was the one to follow up on that issue.

Council Member Lyons stated that there was an interest to handle any staff issues but she was not interested in a tax increase.

Council Member Broadwell stated that she did not want a tax increase. It was understood that it sounded impossible. Also, the goal should be to avoid taking funds from the fund balance. There has been mention of user fees and one was a possible sanitation fee and that should not be implemented.

Council Member Diehl stated that the goal should be to maintain central services, there should not be a tax increase and to provide an annual increase of merit increases and recognition programs.

Mayor Pro-Tem Martin stated that there should not be a tax increase and the fund balance should not be drawn down to a point that it put the total outside of adopted policies. There should be no employee base reduction but if an employee left that position should remain open.

Council Member Holcombe stated that staff should give it serious thought before filling positions and only do that if the position was absolutely essential.

Mr. Whitson stated that there were some vacant positions that were open all year.

Mayor Holcombe stated that she agreed with no tax increase. Also Council Member Murry brought up a good point earlier in discussions when he talked about a \$100,000 increase that was miniscule to the tax rate, like a portion of a cent that was acceptable. It was important to take care of employees. There needed to be some level of recognition. The level of service should not be cut. Staff had the guidance to try to figure out how to do this and the Council needed to decide which of those items was most important. No one said put the Quint Concept or the Transportation Items or Town Center at the bottom of the list.

Council Member Lyons stated that she was interested in the [Quint Concept](#).

Council Member Johnson stated that a presentation should be done again for the benefit of the new Council Members.

Mr. Wright stated that he appreciated the situation Council was in and could see the big picture they were dealing with.

Mayor Holcombe stated that if the town could bring in more revenue, that would allow more to be done that residents wanted done.

Mr. Whitson stated that staff was working to bring the town forward to the point that recurring expenses and revenue match. The town did rely on developer money and other things in previous years and got used to it. This would take years to undo. Basically, Council just stated not to use the fund balance and also to use fund balance but not beyond the approved policy amount. The policy called for the fund balance to be maintained at 25% to 40% of the prior year's expenditures. It exceeded 40% now. If it was pulled down and still within the policy amount hopefully the Council would be supportive.

Council Member Broadwell stated that she would be in support of a miniscule amount of tax. The savings should be kept. She then asked if the funds in the fund balance earned interest.

Mr. Whitson stated that they did. The town heavily invested in the North Carolina Management Trust Fund as it was the only mutual fund municipalities could participate in.

Julia Ketchum, Senior Director of Business Management stated that staff had come up with a new financial monthly statement format that was used in the [Statement of Revenues and Expenditures for December 2009](#) sent to the Council the day prior to the start of the retreat. Each month the investment balance would be shown. The format was changed using recommendations of the Budget Panel and the Council could provide feedback. Also staff was working on a quarterly budget report that would be the same for Budget Panel and the Town Council.

Budget Software and Quint Concept Review were added to the Discussion Item list.

Mr. Whitson stated that the merit plan was still currently in the LRFM along with the new position request.

Council Member Broadwell asked if there was a schedule for that work.

Mr. Whitson stated that every time a change was made or updated staff would the update and information to the Council.

Council Member Lyons stated that the discussion list should be added to the discussion items list for the agendas.

Mr. Whitson stated that he would update the discussion item list.

Mr. Hooks stated that the adopted budget schedule included a tentative work session on March 23rd if it was needed.

Council Member Broadwell stated that she appreciated all the work staff did and the information provided. The level of sophistication and advancements was outstanding. The more that was learned the more impressive it seemed. Thanks to staff and their work this was enlightening.

Mr. Whitson stated that he appreciated the time Council spent with staff. However, the traditional retreat that was overnight was very productive in the sense that everyone spent more time together in an individual basis. Staff recognizes that the Council's duty was full time even though the position was not.

Mayor Holcombe thanked Diane Boyd for her efforts helping with setting up the retreat. The Council recognized the cost savings of having food prepared.

Mayor Holcombe adjourned the meeting at 5:22 pm.

Final Discussion List

- Street Maintenance and Design Fund including Pre-NEPA (Briefing Item)
- Explore options citizen involvement in budget (Ongoing)
- Budget Software and Quint Concept Review (Briefing Item)

Documents from Retreat:

[5 year Business and Capital Outlay Plan](#)

[Goals and Initiatives Tabloid](#)

[LRFM-CIP FY09 Post-Audit Summary](#)

[Revenue Collection Report](#)

[Statement of Revenues and Expenditures December 2009](#)

[Most Recent \(May 8th 2009\) LRFM/CIP Plan](#)

Adopted this the 23rd day of February, 2010.

J. S. Holcombe, Mayor

<SEAL>

Diana R. Davis, Town Clerk