

June 5, 2018s

A Special Budget Work Session of the Danville City Council convened on June 5, 2018 at 5:30 p.m. in the Conference Room located on the Fourth Floor of the Municipal Building. Council Members present were: James B. Buckner, L. G. "Larry" Campbell Jr., Mayor John B. Gilstrap, Vice Mayor Alonzo L. Jones, Dr. Gary P. Miller, Sherman M. Saunders, Fred O. Shanks, III, J. Lee Vogler, Jr., and Madison J.R. Whittle (9).

Staff Members present were: City Manager Ken Larking, Deputy City Manager Earl B. Reynolds, City Attorney W. Clarke Whitfield Jr., and City Clerk Susan M. DeMasi.

Mayor Gilstrap presided.

WORK SESSION ITEMS

DISCUSSION OF THE FISCAL YEAR 2019 BUDGET

Mayor Gilstrap noted the only item on the agenda is the budget; Council has discussed, made changes and since the last meeting, the City Manager has emailed Council on possible budget reductions. Mayor Gilstrap noted he would like to take a straw poll to see how many support the budget as submitted by the City Manager. Mr. Vogler noted that budget includes the \$1.2M Council has already cut through this process, and some revenues changes. Ms. Thomasson noted \$1.2M and some additional revenues which brings the net reduction of \$611,000. Mayor Gilstrap noted the last budget does show a .5% increase in the meals tax, a 2.2 multiplier and a reduction in age.

Mr. Vogler questioned if the City Manager has heard anything from the School system that would indicate they have changed their position on giving step increases with the funding that Council gave them. Mr. Larking noted no; as his wife is a teacher he knows they have received their contracts and a lot of them have signed them. Dr. Miller questioned if they received anymore from the Legislature and Mr. Larking stated he was not aware of that, but can find out. Mayor Gilstrap stated this will not change the amount of Council's appropriation and Mr. Larking noted no. Mr. Vogler stated this year's budget, as it stands, spends less money than last year's budget and Mr. Larking noted that was correct. Mr. Whittle stated are they scrapping the 1.2% reduction across the board, that is not in there and Mayor Gilstrap stated it shows the reductions from the last meeting.

Mayor Gilstrap noted the first reading is tonight, based on the budget as last presented. Mr. Vogler stated Council was going to continue beyond this point with discussions about further savings that goes into the reserve fund. Mayor Gilstrap noted if there are additional savings, if Council can identify specific areas, yes; Council needs to identify a specific area and what they would support reducing. Mr. Whittle stated there are no cuts and Mr. Buckner noted there are \$1.2M in cuts from what was presented to Council. Ms. Thomasson noted there was a reduction in support of schools, \$221,000, reduction to blight \$300,000, reduction to Economic Development projects \$300,000, IT capital projects \$35,764, public work street improvements \$15,000, public works Stormwater \$20,000, contingency \$59,983, health insurance \$100,000 and Sheriff's Health Costs \$200,000.

Mayor Gilstrap noted if Council has a specific item they want to cut, now is the time to bring it forward. Mr. Shanks stated he would not vote for the restaurant tax and would say that means he does not support the last budget. Mayor Gilstrap took a straw poll, to support the budget as last submitted by the City Manager, and seven Council Members noted their support, two Council Members opposed.

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Mr. Vogler stated if they are not in favor of the Budget, where does the \$600,000 come from to balance the budget. Mayor Gilstrap again stated, if Council members have a specific item, put it on the table otherwise Council goes with what is presented. Mayor Gilstrap stated he would not support cutting just to be cutting, if Council Members have a specific item they want reduced, he will listen to that. Mr. Shanks stated his problem was, everyone in this room realizes the City has a spending issue that is going to have to be dealt with eventually. It needed to be dealt with last year and Council went to one time expenses to take care of it which did not help the City this year. They are at the same place this year they were last year. If Council is not going to make any changes, all Council is doing is raising taxes on the people that are eating out and Council is not dealing with the spending problem.

Mayor Gilstrap requested Mr. Shanks to give him a specific item and Mr. Shanks stated he would go through the list and start looking at it, in particular the first list has the most items to be dealt with. Mayor Gilstrap stated if Council wants to look at a specific cut, they will discuss it, if not, he doesn't think they are going to get six votes to cut, just to be cutting. Mr. Shanks noted he is not talking about cutting, he is talking about not raising. Mr. Vogler stated he agrees with Mr. Shanks, he wants to cut spending, but if the City doesn't do the meals tax, Council has to offset it by \$600,000 somewhere. He looked through the list and doesn't know if he can come up with \$600,000 out of that list that he can live with. Mr. Shanks noted those first tier items would be part of what could be done. It is up to staff on how they get to the number, Council gets the number and says that is what they are going to work with.

Dr. Miller stated Council is trying to increase spending for public safety, they are not going to do it by cutting other departments. Council is going to have to have ongoing income to continue to give them the benefits; the City will need more taxes coming in. Council is also allowing the schools to keep \$2M, next year Council is going to have to figure out how to pay for that. Dr. Miller stated the City is going to have to have more income coming in. Mayor Gilstrap noted Council cannot increase the benefits without a revenue to match it; Mr. Vogler stated, or have drastic cuts to something else and if that is what Council wants, they need to tell them what to cut. Mayor Gilstrap stated if they wanted drastic cuts, be specific.

Mr. Shanks noted if Council went with Tier 1 reductions that would be an additional \$305,000, and Mr. Larking noted that was correct; Mr. Shanks stated that would be half of what they are talking about. Mr. Vogler noted there are items there he feels are important to the City; cutting Economic Development travel would hinder the Director's work in Europe and England in particular. Mayor Gilstrap noted he does not support the cuts on Tier 1. It costs more every year for the City to operate and he does not think the City will grow if they start reducing too much. There are less expenditures this year than last year and last year did not include the public safety benefits or the step for the teachers.

Mr. Vogler noted reviewing the different tiers of cuts, there are probably some things that Council could have discussions about, but the ones he thinks Council should discuss are for \$2,000 or \$4,000, not the large amounts. He would like to have those conversations, but it is not going to make a difference in what they are discussing tonight, but that money could go back into the reserve fund later whenever Council has that discussion. Mayor Gilstrap noted he did not understand why Council is trying to find cuts when they have a balanced budget.

Mr. Campbell questioned how some of these cuts would affect the departments and Mr. Larking stated when the City decides they are going to provide certain services to the citizens, it is important to provide to the staff, the tools necessary to provide those services as effectively as possible. As City budgets have altered from year to year, staff knows there are limited resources

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and they work very hard to make sure they are asking for just what they need to do the job and no more. If staff does not have the tools to do the job, then the City is less effective; the City doesn't mow as often as they used to, or mow alleyways and parks, and maintenance doesn't happen as often. Mr. Larking noted if Council is going to cut things, they should instead stop doing certain services altogether; he would rather decide what services they are going to do and do them well, than try to do services and not be able to do them well. Otherwise the City gets criticized for providing bad service. Mayor Gilstrap noted his agreement, Council will have to look at eliminating services of \$1M or \$2M and that is what he has been saying, which service does Council want to eliminate.

After further discussion, Mayor Gilstrap noted there will be a First Reading of the budget at tonight's meeting; that is the First Reading on the balanced budget presented to Council by the City Manager. Mr. Vogler noted the meals tax has to pass to fund that budget.

MEETING ADJOURNED AT 6:06 P.M.

MAYOR

CITY CLERK