

SUMMARY OF THE 1988-89 BUDGET WORK SESSION BUDGET HELD BY THE
MAYOR AND COUNCIL OF THE TOWN OF CHAPEL HILL, MUNICIPAL
BUILDING, WEDNESDAY, MAY 25, 1988, 6:25 P.M.

Mayor Jonathan B. Howes called the meeting to order. Council
Members present were:

- Julie Andresen
- David Godschalk
- Joe Herzenberg
- David Pasquini
- Nancy Preston
- James C. Wallace
- Arthur Werner
- Roosevelt Wilkerson, Jr.

Also present were Town Manager David R. Taylor, Assistant Town
Managers Sonna Loewenthal and Ron Secrist and Town Attorney Ralph
Karpinos.

Manager Taylor gave a brief explanation of the changes proposed
in the 401(k) program which involved increasing the Town's
contribution to the program from 2% to 5%. He said that the
State was requiring a 5% employer contribution for law enforce-
ment officers and that he felt in order to be equitable to all
Town employees that the Town's contribution into the 401(k)
program for all employees should be 5%. He said that the Town
was able to make this contribution to all employees without
increasing the cost to the Town because the Town's contribution
to the Local Government Retirement System for each employee had
been reduced by 3%.

Council Member Werner asked if there were limits on the em-
ployee's contribution into the 401(k) program and if there was a
waiting period before employees could withdraw the funds from
this program. Manager Taylor replied that employee contributions
were limited to up to 20% but not to exceed \$7000. He said there
was no waiting period before employees could withdraw funds from
this program.

Council Member Pasquini commented that he felt the Town was very
generous with its benefits to its employees. He asked the
Manager if, in the future, in order to make the employer contri-
bution to the 401(k) program the options were to either raise
taxes or reduce the employer contribution, would the Manager
raise taxes. Manager Taylor replied that he did not know and
that he felt that once a benefit was given to the employees it
would be hard to take it away, but that he would make whatever
decision was necessary in order to balance the budget in the
future.

Council Member Godschalk said he thought it was equitable for the
Town to make the 5% contribution to all employees since it was
being required for the law enforcement officers.

Roger Waldon, Planning Director, said, in response to a question on the increase in the Planning Department budget over the last few years, that the majority of the increase was due to additions in personnel and use of consultants, at the Council's request, to meet the planning needs of the Town.

Council Member Preston asked for clarification of the duties of the Groundskeeper and the Transportation Planners in the Transportation Department. Manager Taylor replied that the Groundskeeper would be responsible for the maintenance and upkeep of the bus shelters around the Town. He said the Transportation Planners (a total of three) would be funded by both the Transportation Fund and General Fund (Planning Department) and that they would be involved in transportation planning for land development and for bus routes, etc.

Manager Taylor also stated that UNC and Carrboro were still discussing the amount of transit services that they wish to contract with the Town for 1988-89. He said it appeared that the staff might have to ask for a budget amendment in August to cover an expected 1/2 million dollars more in services. He said this would not affect the costs to the Town as the contracting parties and the Urban Mass Transportation Administration would cover the costs, but all costs of the contracts would have to be funneled through the Town's budget.

Council Member Andresen asked if there were a possibility of a transit connection with Durham. Manager Taylor replied that discussions were continuing on a possible shuttle between the two cities.

Council Member Godschalk asked if the increased services would require additional capital costs. Manager Taylor responded that he did not anticipate the need for additional buses this year but probably in the near future thus accelerating our capital needs. He said the expected services would tax the maintenance crews as all the buses would be in service.

Council Member Pasquini asked for a clarification of the 3% salary increase for all employees. Manager Taylor stated that the Town did not have across the board cost of living increases like many of the neighboring jurisdictions. He said the Town conducted market surveys to ascertain the average pay for the jobs being performed. He said that last year the survey had indicated no changes but that this year the Town appeared to be paying 3% less than its neighboring jurisdictions for comparable work. He said the 3% market adjustment would adjust the salary ranges for each position by 3% and that depending upon where an employee was in the range he or she could receive up to a 3% increase. Manager Taylor said that normal salary increases were based on a merit system that offered the potentials for 0, 2, 4, 7, or 9% increases.

Council Member Herzenberg said that he was concerned that there was not an incentive for employees to stay long in their jobs. He said he did not think the current longevity pay was adequate. Manager Taylor agreed that longevity pay was an area that needed to be reviewed but said that the object of the performance based pay plan was to pay employees the job rate or the going rate for that job in the area.

Council Member Pasquini said that he felt the 401(k) program should be considered as part of the longevity benefits for employees.

Council Member Herzenberg commented that he was concerned that the increase in library fees for non-Orange County users would hurt the Library. He pointed out that Durham County Library did not charge a fee for use by Orange County citizens.

Council Member Andresen asked if the Budget included funds for the proposal by Gina Cunningham for \$25,000 for tree planting. Manager Taylor replied no and that he felt it would be appropriate to use bond funds for this type of project as it would be improving an entranceway. He said street trees were addressed to a certain extent in the Budget. He stated that Merritt Mill Road landscaping was included in the budget.

Council Member Werner asked what would be the future implications of solid waste disposal on the budget. Manager Taylor replied that the sanitary landfill would be a major issue for the Town in the next several years and would include the need for further increases in tipping fees, and long range planning for solid waste disposal.

Council Member Wallace suggested that the Council consider increasing the Mayor's salary to \$12,500, Mayor Pro-tem's salary to \$8,500 and Council Members' salaries to \$7,500 per year. He said this would make Chapel Hill's Council's salaries comparable to the neighboring jurisdictions.

Council Members Pasquini, Werner and Godschalk and Mayor Howes said they were not in favor of this idea but felt there should be more time for debate of this issue.

Council Members Werner and Preston asked if this could not be debated at a later date and the budget amended if necessary. Manager Taylor replied yes.

A MOTION WAS DULY MADE AND SECONDED TO ADJOURN THE MEETING. THE MOTION PASSED UNANIMOUSLY, (9-0).

The work session adjourned at 7:26 p.m.

