**Executive Summary**

The Town of Mount Olive’s future appears bright; its constant need for more housing reflects the desire of more people to live there. The demand for increased recreational programs demonstrates an active, vibrant population. As the Town grows, more sophisticated mechanisms of managing its resources will be beneficial to the overall planning for that bright future by the Town’s Board of Commissioners. Developing a plan for getting there is a daunting task; having more, better information available for that task is essential. Documenting policies and procedures and gathering data in different areas throughout the organization will keep all employees and officials more informed and engaged, which, in turn, will facilitate the development of a strategic plan to help move forward the Town as a whole.

**Purpose of Review**

The N.C. League of Municipalities (the League) offered to perform an administrative review for the Town of Mount Olive, N.C., upon reading the Manager’s request for suggestions for consultants through a managerial internet forum. The Manager expressed an interest in a general review at this time due to significant turnover in the Town’s elected Commissioners and Mayor. The Mayor fully supported this initiative.

**Methodology**

At the request of Manager Charles Brown and Mayor Joe Scott, twenty-two of the Town’s administrative and direct service providing staff members were interviewed, representing over one-third of all employees and ninety-two percent of the managerial staff. This report presents the results and suggestions as a result of these interviews and observations.

The Town has departments functionally aligned with its citizen services. For the purposes of this review direct service providers, such as sworn police officers regarding police services for the Town, have not been interviewed or reviewed. However, a few direct service providers, such as the Town’s Police and Fire Chiefs, are involved in administrative functions as well and therefore were interviewed.

Staff interviews began with a statement of confidentiality and assurances that anything discussed would not be shared unless specifically authorized by the speaker. Thus, individual comments are not included throughout the report.

**Recommendations & Discussion**

Five broad topics are addressed in the review below: Managerial Style and Results; Human Resources and Personnel; Procurement Policy and Practice; Budgetary and Financial Position and Projection; and Economic Development Investment. As noted above, the common theme that emerged from the research was a “need to document policies and procedures.” Whether the topic was staff compensation and benefits issues, procurement procedures (actual), or reporting financial position, documentation needs to be created and shared with employees. Mount Olive is well-positioned for the future. The issues and suggestions highlighted in below are meant as avenues for the Town Manager, Board, and employees to advance Mount Olive forward, and the League is prepared to assist with the recommendations below in any way that we are able.

Managerial Style and Results

*Recommendation*

* Continuing education of elected officials regarding the nature of a Council-Manager form of government, with specific emphasis on independence and equitable application of personnel interactions. The League may be able to assist with providing this education.

The Town has had a Council-Manager form of government since 1991. Mr. Brown has been the Town’s Manager since 2006. Joe Scott, a long-time Commissioner for the Town, was elected to his first term as Mayor in November 2017. Commissioners also serve as chairs of a service committee, e.g. Public Safety. Throughout this report the term “Board” refers to both the Mayor and Commissioners.

The overwhelming response to the question “does Manager Brown do a good job?” was “yes.” The positive characterizations most used for Manager Brown (Manager) were trusted; caring; listens; and doesn’t micromanage. Most employees’ concerns expressed for the Manager involved his relationship with the Board. Employees have a perception of the Board micromanaging the Manager and interfering with his ability to perform his operational role. As such, instances of such interference cause conflict between the employees, the Manager, and the Board. Applying Town and State statutes and ordinances equitably were highlighted as examples of where conflict arises. A common concern was the direction to provide service for ad hoc situations at the request of a Board member rather than according to standard schedules and priorities.

Another common statement of staff concern involved the authority of Board advisory committees. The committees existed prior to the approval of the Council-Manager form of government; during that time the committee chairs served as the managerial link to the Board. With the Manager serving as the primary conduit between the Board and Town employees (other than the Board-appointed Town Clerk), care must be exercised between the committees’ influence on the Town’s direct service providers.

The Town is fortunate to have a Mayor whose schedule allows for virtually a full-time presence at Town Hall. This proximity-based availability to staff and the Manager has led to both a familial relationship and friction with staff. While both the Mayor and Manager each express that they exercise due care in maintaining the professionalism and independence of these relationships, they both acknowledge there are occasional drawbacks to working in such close proximity so frequently.

In summary, the Managerial function for the Town is well-received and respected. Continuing education of elected officials regarding the nature of a Council-Manager form of government, with specific emphasis on independence and equitable application of personnel interactions and public services, is suggested. The League can assist with this education through its Business and Membership Development Division.

Human Resources and Personnel

*Recommendations*

* Consider procuring additional HR expertise for the Town.
* Conduct an updated pay study.

As mentioned above, the familiarity of employee relationships around Town Hall is palpable. In most settings this attribute is positive. However, as the Town grows and personnel actions become more complex, the need for professional expertise becomes more evident. The Town currently has a financial services department headed by the Town’s Finance Director Kaye Anderson, who has the added responsibility of serving as the Town Clerk. In addition to traditional financial department roles, staff manage the daily needs of payroll and other personnel actions. The staff of four work together seamlessly, handling the roles of payroll, procurement services, billing, collection, accounts payable and receivable, etc.

Notable instances of the need for resources in more subject expertise for staff resource management presented themselves during this review. One instance was the series of events surrounding the change in personnel policy regarding how the Town manages compensatory time. Another event highlighting the need for a higher level of oversight was evident from the personnel management perspective of an across-the-board cost of living increase that started, then stopped, then restarted at the onset of this fiscal year. Employee morale was negatively impacted by both events.

Interviews unveiled an effort underway by employees to organize an advocacy committee. Since that time Manager Brown has presented a proposed budget action for the next fiscal year that would provide a confidential counseling service for employees. This contract will give employees an individual outlet, but the collective workforce may still feel the need for a way to be heard by the Manager and Board.

Further interview discussions included a perception by some employees of unequal workloads among different work crews, or preferential treatment for some regarding earning compensatory time; educational or certification-related pay events or other outside-of-normal-work-hours instances of additional pay opportunities. Other items of perceived inequity include take-home vehicle assignment, off-duty security employment opportunities, and pay ranges. Regardless of the nature of the complaint, the need for written policies and procedures regarding compensation events was evident.

While not guaranteed, the presence of a trained human resource (HR) professional in these situations likely would have resulted in alternative courses of action. The suggestion from this review is for the Town to consider procuring additional HR expertise. The Town’s financial status may not afford the addition of a full-time position; however, providing a mechanism for periodic access to such expertise is recommended. Three possible scenarios include: initiating a cost-sharing relationship with another municipality; obtaining a retainer-type relationship with a publicly available HR consulting firm or individual; or a combination of these two. Also recommended is an updated pay study, as it has been more than five years since the last one conducted for the Town. The League has HR consulting staff (Hartwell Wright and Heather James) that may be accessed for further assistance with these decisions.

Procurement Policy and Practice

*Recommendations*

* Begin the process of updating the town’s financial and procurement software, with the understanding that this is a long, complicated, and potentially costly process.

The State’s procurement statutes are a topic with which many, if not most, N.C. towns struggle. The rules are a balance of fiscal conservatism and equitable opportunities for all businesses to compete for the towns’ purchasing needs.

The Town of Mount Olive shares in these struggles. With a limited number of staff available to spend time following, let alone enforcing, procurement procedures, they and many other N.C. towns are found to be less than conforming in their annual audits for internal controls and required procurement and budgetary actions. Along with many other towns, Mount Olive has received letters from the State Treasurer’s Office highlighting ongoing areas of concern according to the State statutes.

The Town adopted a new Purchasing Policy October 1, 2018. While the Policy is updated, employees’ tools and practices to accurately follow the Policy are not. The Town’s financial software has not been satisfactorily updated to meet the needs of an encumbrance-based procurement and budgeting system. Towns across the State share this shortfall. While an easy recommendation is to update the financial and procurement software, the actual task to do so is huge. The scope of such an undertaking is outside that of this review but stands as an ongoing need in Mount Olive and other N.C. towns.

There are numerous ways for towns to manage the required procedures outside of a comprehensive financial and procurement system; however, they require off-system spreadsheets and procurement tasks that Mount Olive has not yet implemented. Many areas need significant overhaul. The new Policy approval in October 2018 was the initial action toward a fully conforming procurement process that adheres to the State Statutes governing competitive bidding for all eligible goods and services. Additional steps still need to be taken to fully utilize and implement the purchase order and pre-auditing processes. Most of the reviewed expenditures meet the test for competitive bidding and a uniform procedure for obtaining multiple quotes prior to purchasing.

Manager Brown and Mayor Scott acknowledge the need for these corrections and recently have initiated an effort at greater compliance by designating and beginning training for another employee as a procurement officer. The culture of the Town’s departments will need significant retraining and a way to enforce the rules. Currently the departments are not following the procedures according to the Statutes or the newly adopted Policy.

Financial Reporting, Budgetary Compliance, and Other Practices

*Recommendations*

* Use existing budgetary data on a pre-set time schedule to provide mid-year budget status reports.
* Work with employees to more closely examine expenditure history in existing budget accounts.
* Establish a program – perhaps piloted in a single department – to capture workload statistics.
* Implement a trackable, reportable, and reviewable workorder system.

The Town’s budget is developed by the Town Manager, with significant assistance from the department directors. The budget is a compilation of independent spreadsheets, separate from the financial system. Annually the Finance Director manually enters the budget into the financial system upon its adoption. Each budget amendment also is entered manually when enacted.

Currently no working encumbrance mechanism exists within the financial system. Obligations by the Town are not recorded; therefore, the practice of budgetary monitoring is laborious and reiterative. Additionally, no set format for budget review has been developed utilizing the limited data available from the system.

Combining information factors, including – but not limited to – actual expenditure patterns; workorder reports; statistical workload indicators; and actual expense patterns would produce a better-informed budget process, as well as a better body of knowledge for daily decision making.

Manipulation of existing data on a pre-set schedule is suggested, e.g. at five and nine months, to perform a mid-year budget status report. This exercise will require a coordinated process involving the departments’ administrative staff. If the Town Manager is willing, the League’s regional Operations Consultant can assist with establishing this reporting process.

A few employees during interviews stated they were not familiar with what is in their budgets. An exercise for all involved to become familiar with their expenditure history is suggested. In preparation for a more detailed budget process for next fiscal year, the expenditure data for the last three fiscal years should be exported for individual review and summary. For example, the expenditure history for “uniforms” should show patterns: the vendors utilized; the frequency of purchases; and the time(s) of year most purchases happen. This information would then be used to build a detailed budget for this account.

Manager Brown has implemented a cash flow model that indicates when the Town needs to be mindful of the timing of purchases. The information from the detailed budget described above would greatly assist with this analysis.

Also, in reference to the detailed budget information, improvements to the procurement process will be enhanced by knowing the patterns for the Town’s uniform (and all other) needs. The new procurement staff member will be able to utilize this data to approach the need for competitive bidding and requests for quotes from vendors.

A few employees asked how to ask for an increase in positions and/or supplies. When asked about statistical information being recorded by the employees, a common answer received was “we don’t.” Workload indicators are one of the best ways to document when its time to consider adding resources. The Town should begin keeping these statistics, if only in one department as a start. The Public Safety departments keep crime and fire protection statistics as a part of many reporting systems they are required to maintain. The workload indicators focused upon here are non-emergency response related.

When asked about a workorder “system” for keeping track of service requests and performance, there were no reports available to review. There should be a system to review these workorders for both workload information and employee time invested. The assignment of work crews would be enhanced by having this data. The Town should immediately implement a trackable, reportable, reviewable workorder system to assist with personnel and materials allocation.

Another possible benefit from having workload data available is the discovery of opportunities for new user fee revenues. For example, the Town currently does not charge user fees for fire inspections. Also, despite significant growth in the demand for parks and recreational programs, there are no fees to support growth via additional financial resources. A user fee that could immediately assist the General Fund is a charge for using a marked Police vehicle during off-duty employment. The business contracting with the police officer would also reimburse the Town for removing the patrol vehicle from its pool of available cars.

The Town’s process for budget amendments was discussed with the Finance Director. One immediate improvement implemented was ending the practice of amending an account’s budget based on when it would exceed the approved budget. This change was implemented to provide more data for how the annual budget needs to be modified based on actual spending patterns. Budget amendments are now only made when a category of similar expenses exceed the grouping’s budget. The expected result of this change is that the new fiscal year’s budget will continually improve to better reflect the actual operational needs of the Town.

Economic Development Investment

*Recommendations*

* Continue discussions regarding possibility of introducing a storm water program.
* Develop a capital investment plan and an accompanying debt service program.
* Consider a strategic planning process similar to one under consideration by the League.

The Town enjoys a positive relationship with Mount Olive’s employer hubs, the Mt. Olive Pickle Company and the University of Mount Olive. Both businesses contribute to the community and Town in many ways.

The Town’s financial challenges include the aging of its infrastructure and other assets. Water and sewer pipes and plants, roads, and heavy equipment account for hefty futures cost of repair or replacement. Many towns now employ a Storm Water Improvement System, fee- based and multi-year focused, to assist with the overwhelming flow of storm water and its impacts on these assets. The Town has begun discussing the possibility of introducing this program soon. The fees generated by the large paved surface areas throughout the Town would greatly enhance the options available for a large portion of asset maintenance. One area particularly in need is the Water Treatment facility. Any relief of storm water impacts on this facility would assist this enterprise operation with achieving the Town’s goal of a self-sustaining Water and Sewer Fund. Currently the Town’s General Fund supplies an annual operating stipend to this program, but the Town continues to aim for full support of operating revenues.

Another enterprise operation for the Town is its growing Airport. The outlook is favorable for continued expansion, and it likely will be the impetus for several future positive economic development initiatives. The Airport currently depends on an annual operating stipend from the Town’s General Fund; however, the goal of self-sustenance seems possible within a short time frame.

These three programs – a possible Storm Water System, Water and Sewer, and Airport – would benefit from a vibrant capital investment plan and an accompanying debt service program. Having such a plan would enhance the Town’s financial stability and is strongly recommended. As the enterprise systems approach ending their reliance on the General Fund for support, the annual stipends then freed within the General Fund also could be directed towards a general government capital plan to create a savings account for needs such as buildings and heavy equipment replacement.

The League soon hopes to offer a Strategic Planning Program for smaller towns in the State. A pilot program is under development; Mount Olive would be a perfect candidate for this program, and as a funded capital investment plan becomes a greater possibility, the Town’s leaders are strongly encouraged to participate.

**Conclusion**

As noted at the beginning of this report, the Town of Mount Olive is well-positioned for the future. The challenges described within this report are not uncommon among towns with growth patterns similar to that of the Town of Mount Olive. Implementation of the recommendations contained within this report hopefully will be beneficial to the overall planning for that bright future by the Town’s Board of Commissioners. The League is appreciative of the opportunity to work with Mount Olive on this project and stands ready to assist it in any way it can moving forward.