

March 22nd, 2014
Budget Retreat

At 8:30am, on Saturday, March 22nd, 2014, in the Board Room of the Landis Municipal Building, Mayor James Furr called to order the Town of Landis Board of Aldermen Annual Budget. Those present along with the Mayor were Aldermen Roger Safrit, Dennis Brown, Tony Hilton, and Dorland Abernathy, Town Manager Reed Linn, Public Works Director Steve Rowland, Police Chief Bob Wood, Recreation Director Andrew Morgan, Finance Officer Ginger Gibson, Deputy Town Clerk Debbie Goodman, and Administrative Assistant Heather Wood.

A quorum was met.

Mayor James Furr opened the meeting and welcomed all those in attendance.

The pledge of allegiance was led by Mayor James Furr.

The first order of business was an update on the electrical system from AJ Molner. He stated that the Town's electrical system had a good, steady year and good things were happening. The 12kv conversion was still underway and that the conversion had allowed them to clean up a lot of the lines and make things more efficient. He urged the Board to continue with the conversion process, stating that it saves money immediately due to less line loss. Also, it was getting harder to obtain 4kv materials.

Mr. Molner then spoke about the railroad project, in relation to electrical work. He stated that there was a lot of information coming from the railroad and if the Town listened to everything that was being said they would "panic" and spend a lot of money unnecessarily and prematurely. It was his advice to stay diligent but to "drag our heels" just enough since the Town's part would be at the tail end of the project. It was his recommendation to continue to set aside money for the coming project and they would be able to pull aside the contractors doing the conversion to handle any of the work related to the railroad as it was needed. There was some discussion of the matter.

Right now the 12kv conversion was on hold because the contractors were dealing with issues that the various ice storms had caused.

There was some discussion of the 100 foot right of way that the railroad was claiming and that the Town had proven ownership and the new focus was on the poles that are simply in the way. There was further discussion.

Alderman Hilton commented that the Kimball Road extension project would begin very soon and there was brief discussion of that matter.

Things were moving ahead of schedule during the retreat, and Fred Steen had not yet arrived, so the Board called the next person on the agenda, Mike Acquesta, to speak concerning the water and sewer systems/projects.

Mr. Acquesta first addressed the continuing water project, which was nearly to its completion. Once everything in the original plan had been completed, there was nearly \$150,000.00 left over. This was grant money so they had added a few small projects at the end to utilize the left over grand funds. There was some discussion of the various small projects and general updates about the project. Everything had gone well and everything that had been planned with the original project had been completed.

Mr. Acquesta then spoke about the upcoming sewer project. He stated that advertisement for bids had run yesterday. The bids would be opened on April 22nd, 2014 and there would be a pre-bid conference on April 8th, 2014. Mr. Acquesta stated that contractors had been calling for the last year wanting to bid on the project. The USDA had stated that they wanted the Town to wait until the water project had concluded before beginning the sewer project. After bids were received, a recommendation would be brought before the Board at their Regular May Meeting so that the contract could be awarded. The project would begin in May or early June and end by January 31st, 2015.

Mr. Acquesta then updated the Board concerning the new automatic read meters for water. The Town had been awarded an 80% matching grant for installation of the water meters, which was a pleasant surprise considering they had expected a loan since that was what the Town had applied for. It was a \$1,000,000.00 project and the Town would only be responsible for \$180,000.00 of the payment.

Mayor Furr inquired about the status of the autoread electric meters. Mr. Acquesta stated that nothing had been done with that yet. Manager Linn stated that he had spoken to the USDA but had been informed that they generally funded large projects, which Landis' electric meters would not be considered a large project by their standards. It was the USDA's recommendation to seek local funding instead. The Town could still apply with the USDA but they were less likely to be awarded anything due to the fact they did not review smaller projects as much.

Mr. Acquesta stated that there was another grant coming in September that would provide water and sewer in low income areas. There was some discussion of the grant. This could be new service or updates to existing service. There was discussion of possible areas in the Landis service area where this could apply. There was also a brief discussion of whether or not the grant could be used for a new elevated tank; this matter would have to be pursued further. There were several other no match grants that would become available in the September time frame.

Alderman Hilton inquired if Mr. Acquesta had any idea how much infiltration would be cut down once the sewer project was completed. Mr. Acquesta had done a study about that, though he did not have the specific numbers with him. However, reducing infiltration and increasing efficiency, and therefore saving money, was one of the main reasons for the sewer project.

Fred Steen then addressed the Board, offering greetings from the Governor. He stated that Raleigh was working on their budget now and there was some discussion. Mr. Steen stated that the state was looking at reform concerning the efficiency of government and the leadership felt that process started with the budget. There was some discussion of the various upcoming focuses for the state.

Mr. Steen said they were looking very closely at Ecotourism and it was recommended that this was something the Town should look into and have Recreation Director Andrew Morgan pursue. There was discussion of some possibilities and of the Grants Creek Greenway.

Allen Hart with the USDA Rural Development then addressed the Board. He stated that he had been involved with various Town projects for a long time and they anticipated the conclusion of the Town's water project in the next 30 to 60 days, they were working on the final change orders now; once those were finished the entire project would be concluded.

They were also anticipating the beginning of the sewer project. Mr. Hart stated that five years ago the Town had received funding for the sewer project and the USDA was eager to see the project concluded. It was their desire that things progress more quickly than they had with the sewer project. Based on the project costs they were envisioning the sewer project to come in well over budget. However, Mr. Hart felt that based on the year's funding, they should be able to make up the difference with no problem; they would look at it more closely once bids came in.

Mr. Hart complimented the staff, stating that they had been outstanding through the entire process. He also spoke of some of the possible projects that Landis may be considering in the future; stating that they do have low interest finance and modest grants available through the USDA Rural Division.

Mr. Hart stated that he would also like to see conversations involving the Town about partnering on a project for the East Landis Water District, to see about transitioning it to Landis ownership. There was some discussion.

Mr. Hart stated that the USDA would be glad to help Landis with any eligible projects and reminded the Board that Rural Development was designed specifically for small towns and rural areas.

There was further discussion about projects that the USDA would cover, which could include new facilities or rehabilitation of existing facilities – though Mr. Hart recommended looking closely at the cost per square foot of a new building vs. rehab of an old one.

Mr. Hart restated how concerned the USDA was about having the water project concluded in the next 30-60 days and the sewer project completed within the year. He stated that they cannot and will not hold onto the money indefinitely. He stressed that if the sewer project does not finish on time there is a very real possibility that the funding will be pulled. He stated that the USDA is honored to be part of the project but that it must be finished on time.

Mr. Hart concluded by letting the Board know if they ever had any questions, they should not hesitate to contact him, that he is always happy to answer questions.

Matt Schull from Electricities then addressed the Board. Mr. Schull went over the background and history of Electricities, as well as the governance and structure. There was also discussion of Catawba Unit II, which the NCMIPA1 is 75% owner of.

There was discussion of the Electricities budget for the upcoming year, which was projected at \$545.5 million. They also anticipated having 85% of debt paid off by 2019. There was some discussion of the debt on a year by year basis.

There was discussion of the upcoming wholesale rate increase and the fact that the 3.2% gross receipt tax had been removed. The projected rate for Landis, accounting for the removal of that tax, was 2.2%.

There was more discussion concerning the tax law change, House Bill 998, which eliminated gross receipts tax. It will cause the sales receipt tax to go up in the retail side of things. That would be going from 3% to 7%. The impact to retail customers would be 5.8%. There was some discussion.

There was discussion concerning the numbers for the coming years and the trending rate increases for the different companies over the last 10 years.

Mr. Schull then discussed Smart Grid, stating that Electricities was there as a resource for the Town. He also stated that it was more than a “grid” that it also covered water, gas, electric, lighting and communication. There was some discussion.

Mr. Schull went over the components and implementation and assured the Board that there was a lot of flexibility involved. Electricities had originally started the “Smart Grid Initiative” and there were currently several members with pilot programs. It was Electricities recommendation to go with NexGrid, as they were the most flexible and reasonably priced. However, Electricities would still help with research, etc. with other companies, but NexGrid was their number one recommendation. Newton currently used SENSUS, which is what the Town currently uses.

Electricities can help on three levels: initialization, implementation and system operation. There were two implementation options. The first was with the member taking the primary role; the second was for the member and Electricities to share. Phase I, initialization, was generally at no cost to the town. Phase II, implementation, and Phase III, system operation, did have costs associated, but Electricities did everything “at cost”. Mr. Schull said they would be happy to send out a technical expert to meet with the Board.

Mayor Furr inquired if there had been any further news or progress with the legislation concerning allocations of funds from the Electric fund to other funds, commenting that he understood if the matter could not be discussed. Mr. Schull stated that he could not comment on that at the moment, but they would have a meeting at the end of the month about that very issue.

Mr. Schull also informed the Board of the upcoming regional meetings. There would be one in Statesville on April 29th, 2014, one in Gastonia on May 8th, 2014 and one in Concord on May 13th, 2014. The annual meeting would be held in Pinehurst from August 7th, 2014 through August 9th, 2014.

Kelly Miller, who has been working on preserving the Town’s history, then addressed the Board. She was dressed in the clothes a “working woman” would have worn years ago, a woman who worked somewhere like a library. She also gave out treats that would have been popular then called “stickies” which were made with the leavings from the edges of pie crust.

Mrs. Miller stated that she wanted to bring history back and that there was currently no one “holding spot” for everything and she wanted to see everything controlled, in one spot and taken care of. She would like to see educational tours established at the depot once it is restored. She also spoke briefly about some of the artifacts that had been found at the old depot site, most of it now in storage. Mrs. Miller indicated that Fred Corriher had a lot of Landis artifacts that he would be willing to donate once everything was organized. There was some discussion. Mrs. Miller said she wanted to “save the history” and was working on doing oral histories.

Alderman Brown inquired if there were any plans for the community center. Mrs. Miller stated that there were no plans currently as they weren't certain what kind of things could be done there yet. She stated that she would like to see the depot set up like it was when it was in use for people to come in and view. She also commented that the old Post Office started out as a café and then was a doctor's office before becoming the Post Office. There is also old equipment stored in the hardware store that was originally located in the depot. There was also an old barber chair there, which was the first in Landis. Chief Wood stated that the chair had been brought in from Texas via a horse drawn wagon.

Mrs. Miller said she had done a lot of research on the various founding families of Landis and the information is out there.

Alderman Brown stated that he was glad she was doing what needed to be done and the Board thanked her. Mayor Furr stated that “stories (are) slipping away every day” as some of the older Town residents passed away. There was some discussion. Finance Officer Ginger Gibson recommended that Mrs. Miller visit the senior social, that it had a very large turn out now.

There was further discussion and the Board thanked Mrs. Miller for coming and for her work.

The retreat then took a lunch break.

After lunch, Robert Van Geons with RowanWorks addressed the Board. He spoke about the mission of RowanWorks and how economic development helps municipalities. Mr. Van Geons went over the projects that had been announced and completed in Rowan County since 2000, which now provided \$9 million per year in taxes.

Mr. Van Geons stated that the unemployment rate was down to 6.8% but that most of this is due to reduction in work force – people no longer receiving unemployment benefits or looking for work. Rowan County had made back the majority of lost jobs, but this did not mean that people were working at the same wages or that they weren't under employed.

RowanWorks has four full time staff, one of those handling marketing. He also went over the makeup of the board, the funding received as compared to other cities and the primary services provided. There was some discussion. Mr. Van Geons indicated that he would like to work more closely with the Town concerning grant opportunities. They had also shifted marketing to develop materials for developing businesses.

Mr. Van Geons also went over the local consumer spending breakdown for the area. He was also interested in setting up a task force with either a Board member or a staff member to help bring value to

Landis. He also indicated that for a town of its size, Landis has done a lot, in regards to services and attractions offered. He would simply like to see things become more regimented, where he could meet with someone every few months or so. He wanted to help Landis. Mr. Van Geons thanked the Board for their time.

Alderman Abernathy asked what Mr. Van Geons felt was Landis' biggest asset as well as what held it back the most. Mr. Van Geons stated that Landis' biggest challenge was its accessibility to the interstate and that its greatest asset was the quality of resident life here. Landis offered many services that most small towns did not.

Mr. Van Geons stated that RowanWorks does well recruiting large retail chains or international businesses. He said the biggest challenge becomes the people who are moving with families, but that Landis was a very good and attractive area for families.

Alderman Hilton stated that he would like to see RowanWorks weigh in on the Kimball Road extension as an economic development and safety issue.

It was then time to go over some of the things the various departments would like to see happen with the upcoming budget year.

Manager Linn stated that everything had been combined into one presentation this year. Department heads and staff had met and came up with things that they deemed necessary.

First, Manager Linn went over some of the goals that had been accomplished:

- \$3 million water project was nearly completed
- Another section of the 12kv conversion had been completed
- 2 new police cars had been purchased
- New bullet proof vests had been purchased for the PD
- New rifles had been purchased for the PD
- The new park office had been opened on March 1st, 2014 and was proving to be very popular
- The monthly billing had been outsourced
- Monthly newsletters (via bill insert) had been implemented
- A public safety academy had been established at South Rowan High School, with 15 students currently enrolled
- Third and Fourth Streets would be paved by June 30th, 2014
- All street signs had been replaced

Manager Linn then went over some of the things that departments would like to see happen with the upcoming budget.

In Administration:

- Review and establish a revised personnel policy and pay scale changes for employees. Staff wished to modify some of the recommendations and then submit to the Board for approval
- Upgrade the server at City Hall (the firewall had been updated earlier in the budget year)
- Repair the Town Clock

In the Fire Department:

- Replace ten sets of turnout gear; they would be applying for both state and federal grants for this
- Purchase additional fire hose to replace lengths that had failed
- Consider replacing Engine #1 – it had caught on fire twice recently, though it was in service now. They were not seeking to purchase a brand new truck, but wanted to look into purchasing a demo or a newer pre-owned one

In the Lights Department:

- Purchase of a new chipper and chipper truck
- Purchase of a new line truck – the current line truck had a body that was a 1970 model, with a chassis that had been installed in 1993. It was time for both to be replaced
- Continue the 12kv conversion (which would be approximately down to Highway 29 to Beaver Street and then back up Daybrook Drive, etc)

In the Parks Department:

- Manager Linn stated that the Parks department had a good year and unless the Town was granted the PARTF grant they were looking for a small year, with only a few items needing attention:
- Depot stabilization – repair the roof, close in the gaps, weatherize, etc
- PARTF Grant – this would be a matching grant if awarded. The Town’s portion would be \$400,000.00 that they were looking to finance over the next ten years

In the Police Department:

There was discussion of a new Police facility. The current Police Station was badly outdated and it was Staff’s understanding that the USDA could fund both a police facility as well as a community center. The old park office is available property but it was not located downtown, which is where ideally the Police Station should be located. They had also toyed with the idea of combining a new police station with a new community center in the area of the passive park. Manager Linn simply wanted to let the Board know that they were currently researching options and that they preferred to keep the PD located downtown.

Chief Wood stated that this would give the Board an opportunity to do something no Board had done before them: build a new police station. In the 113 years the Town had been in operation, the PD had never been in a new building. He stated that their current facility was “busting at the seams”; their evidence locker and armory were both entirely too small.

It was noted that the existing facility where the police station is located would remain intact for the fire department and EMS.

Mayor Furr inquired if combining the community center with a new police department would have any negative effect on private funding. Alderman Safrit stated that the family was mainly looking for the passive park to be established and if the Town was able to do the combination of a community building and police station, it was his belief that the family would see no issue with that.

Manager Linn reminded the Board that all of this was very preliminary, that they were still in the stage of investigating options. There was some discussion of the estimated cost of building a new police department.

There were several other items that Chief Wood would like to see covered in the new budget:

- One new patrol car (two cars would be requested for surplus at the Regular Board Meeting in April)
- Replace the HVAC unit at the current facility – the one there at the moment was “shot”

In the Sanitation Department:

- Rebid trash and recycling – Waste Pro would be making a presentation at the Regular Board Meeting in April; they want to offer ideas to add more service to the contract (such as curbside, leaves, limbs, etc pickup)
- Consider a 5 year instead of a 2 year contract for trash and recycling – this would give the company a chance to recover the costs of the cans and for the Town to receive a better price

In the Sewer Department:

Manager Linn explained that when they had put last year’s budget together they had figured the sewer bill at its normal cost which was \$65,000.00-\$70,000.00 per month. However, the last two months the bills had been \$75,000.00-\$80,000.00 from Salisbury. Not only were the charges much higher, the Town had only billed \$63,000.00. Staff was not certain what the issue was, but Salisbury was going to reread their meters and recheck their data. Currently, Salisbury was blaming the increase on rainfall, but the Town had worked very hard to address rainfall infiltration into the system. Manager Linn just wanted the Board to be aware of the situation.

Some of the items that were being looked at for the Sewer Department were:

- One sewer jet-vac truck (a combination jet machine that can be put at the lift station for clean out purposes)
- Replace the existing service truck
- Begin the sewer rehabilitation project
- Forced sewer main at the new underpass; it would be installed there in case of expansion or to tie existing lines in. There was some discussion

In the Streets Department:

- Continue with paving of streets per the street study; this would depend largely on the Powell Bill funds received

In the Stormwater Department:

- No capital requests for this department
- This department may be able to share some of the costs for the jet-vac machine

In the Water Department:

- Water main extension at Flat Rock Road. This would be a short line, just beyond the elementary school to allow for an extra hydrant in back. The engineering had been done but the project had not been permitted. Also, this was not being done through the USDA project
- Loop water mains between North Chapel and North Main at the new underpass. This would help water pressure in the South Rowan High School area
- Purchase a mini excavator

Combination project for the Water and Lights Departments:

- Establish an AMR (automatic meter reading) system for both water and lights. Electricities representatives would be meeting with Town Staff in April to develop an RFP for Landis

Manager Linn stated that there were no budget numbers prepared yet and that he realized the departments had made a lot of requests. Also, there were no numbers in yet for projected revenue.

The Board had been given the most recent completed financial statement, which was for January. In the next three weeks, Staff would begin working on budget numbers.

Manager Linn pointed out that one good thing with the USDA is that no money is due until the next budget year when a project is completed.

It was then time for any questions from the Board.

Alderman Abernathy inquired if there was any work that could be done at the Wilderness Area that doesn't require PARTF Grant funding. Director Morgan explained that they were trying to wait and see if they were awarded the grant because everything involved were such big projects. Anything the Town does prior to the grant being awarded would not get funded. There was some discussion.

Alderman Hilton stated that the street lights on Central Avenue downtown were too close together. He would like to see every other one moved and it would allow lighting all the way down to the Legion building. He wondered if this could perhaps be handled in house.

Also, Alderman Hilton wanted a way to be found to install sidewalks at the north end of Town. He stated that it is dangerous for people walking on the street there. He would like to see them go at least as far as the old Johnson Superette. This was a safety issue that he felt needed addressing immediately.

Alderman Hilton stated that everything that had been mentioned today would cost a lot of money and that it was his suggestion to the Board and Staff to look at personnel and see if any positions can be cut or realigned. Mayor Furr agreed, stating that it was long overdue.

Alderman Safrit stated that Staff had done a wonderful job over the last year, they had worked together and “knocked things out”. There was some discussion.

Alderman Hilton inquired if they had heard anything from the state yet concerning warning lights at the schools. Staff stated that they still had not gotten a response from the state.

This concluded the annual budget retreat.

Alderman Brown motioned, seconded by Alderman Hilton, to adjourn the Annual Budget Retreat. All voted aye.

The meeting was adjourned at 3:00pm on Saturday, March 22nd, 2014.

Heather Wood
Administrative Assistant