

**May 28<sup>th</sup>, 2014**  
**Budget Workshop**

At 6:00pm, on Wednesday May 28<sup>th</sup>, 2014, in the Board Room of the Landis Municipal Building, Mayor James Furr called to order the Town of Landis Board of Aldermen Budget Workshop. Those present along with the Mayor were Aldermen Roger Safrit, Dennis Brown, Dorland Abernathy and Tony Hilton, Town Manager Reed Linn, Public Works Director Steve Rowland, Police Chief Bob Wood, Recreation Director Andrew Morgan, Deputy Town Clerk Debbie Goodman, Finance Officer Ginger Gibson, and Administrative Assistant Heather Wood and Town.

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.

Manager Linn provided the Board with the completed projected budget for the 2014-2015 fiscal year for all funds. He thanked the Department Heads and Staff at City Hall for all of their hard work. All funds were balanced as submitted.

Staff had spoken to Salisbury and Kannapolis. Kannapolis' rates would remain the same for at least the next fourteen years. Last year Kannapolis had gone from \$2.10 per 1000 gallons to \$3.15 per 1000 gallons. The Town had not passed on that increase to its customers. There had been no water or sewer rate increases in last year's budget.

Salisbury had been unable to provide Staff with an official number for rate increases. They had indicated it would be very modest and after some conversation Staff had concluded that it was likely to be between 1% and 3%. Due to this fact, the budget had figured in a 2% rate increase per 1000 gallons for water. Manager Linn then went over some of the intended capital expenses in the Water Fund budget including the debt service for the water improvement project. There was some discussion. The Water Fund budget was balanced as submitted, including the 2% rate increase per 1000 gallons, at \$930,224.00.

In the Sewer Fund budget, Staff was also recommending a 2% rate increase. Manager Linn spoke briefly again concerning the issue with the sewer charges from Salisbury. If things continue as they are, then the Sewer Fund would be \$200,000.00 over budget by the end of the fiscal year because of how much the monthly bills had increased.

Manager Linn explained how five months ago, Salisbury had gotten a new company to calibrate and replace the meter at the outfall line. The meter is located in the curve at the main trunk line. The meter should have a free and straight line on both sides in order to work properly. Town Staff had contacted Rural Water to install a meter for the Town in the outfall line to see how closely the readings line up.

Manager Linn stated that they had budgeted for an increase in Sewer; however it was not for the entire amount that the bills had increased. If they did that, it would make the rates extremely high. He stated that he was “taking a gamble” that installing a meter to do our own readings would show that Salisbury’s readings had been inaccurate.

Manager Linn stated that there were no capital expenses included in the Sewer Fund but they would be beginning the sewer system improvements soon.

The Sewer Fund was balanced as submitted at \$801,781.00.

Manager Linn stated that he had met with Mike Acquesta and Allen Hart (of the USDA Rural Development) earlier that day. He stated that the budget did not include the debt payment for the sewer project because once it was completed, the first payment would be due on June 1<sup>st</sup>, 2015 and it would be a minor payment. There was some discussion. Net year, the sewer rates would need to increase in order to help pay for the debt service for the sewer project. They would need to look at next year’s budget to figure out how they wanted to pay.

Currently, the sewer project was \$1,000,000.00 over budget and the Town had already taken additional measures to seek funding to cover that overage. \$500,000.00 would come from USDA loans, \$400,000.00 would come from grants and the Town’s portion would be \$128,000.00, which was also not included in the budget. Manager Linn stated that it had been Allen Hart’s suggestion that if the Town could not budget for that amount, they could send a letter documenting why and mostly likely that amount could be moved to another grant or loan. Mr. Hart was fairly confident that this would happen if the letter was submitted. There was some discussion.

Manager Linn also indicated that the base monthly fees for meters in the Water and Sewer Funds would increase from \$11.50 per month to \$11.75 for each meter.

The Industrial rates would go from \$6.50 to \$7.00 but in order to be eligible for this rate, a customer had to use more than 250,000 per month. Currently the Town only had two customers who qualified.

The total budget for all funds for the 2014-2015 fiscal year was \$11,349,181.00. This was approximately a \$400,000.00 increase over last year’s budget, but most of it was in the wholesale power increase and the sewer treatment charges.

Alderman Safrit inquired as to when the sewer meter would be installed. There was some discussion, with the Board wanting it done as soon as possible and Ms. Gibson indicated that it must be done in the current budget year – so prior to July 1<sup>st</sup>, 2014. Manager Linn stated that they should be able to see in the first billing cycle how close the numbers are, but generally they waited 2-3 months so that they could get an average. He also informed the Board that Landis was not the first Town to have an issue with Salisbury. There was another Town in Rowan County, north of Salisbury, that was having the same issue and they were fairly certain a lawsuit was about to happen. Manager Linn and Ms. Gibson would be meeting with Fred Steen next week to discuss this very subject. There was some discussion.

Manager Linn stated that the Fire Department had received the Fire Marshal's Grant for turnout gear.

There was some discussion of setting a date for the public hearing to discuss the proposed 2014-2015 budget. The date would actually be set at the regular meeting in June.

Alderman Safrit motioned, seconded by Alderman Brown, to adjourn the meeting. All voted aye.

The meeting was adjourned at 6:27pm on Wednesday, May 28<sup>th</sup>, 2014.

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Heather Wood  
Administrative Assistant