

**April 11th, 2011
Budget Workshop**

At 6:00pm., on Monday, April 11th, 2011, in the Board Room of the Landis Municipal Building, Mayor Dennis Brown called to order the Town of Landis Board of Aldermen Budget Workshop. Those present along with the Mayor were Aldermen James Furr, Roger Safrit, Tony Hilton and Craig Sloop, Public Works Director Steve Rowland, Police Chief Brian McCoy, Deputy Town Administrator Debbie Goodman, Recreation Director Andrew Morgan, Division Chief Art Delaney, Finance Officer Ginger Gibson, Administrative Assistant Heather Wood and Town Attorney Rick Locklear.

A quorum was met.

Mayor Brown called the meeting to order.

Manager Reed Linn addressed the Board concerning the Town's Enterprise Funds. He stated that tonight they would be discussing the General Fund. They were still waiting on all of the revenue numbers for the other funds. There would be some rate increase in both the Light and Water Funds, but they had not yet received the final word on that. However, they were not expecting Kannapolis to pass on a very large rate increase for water, if any at all. They were still waiting to hear from Salisbury concerning their water rates.

The Stormwater Fund was balanced but they were still working on the Light, Water and Sewer Funds.

Tonight, they would be discussing the General Fund.

Manager Linn stated that the General Fund wasn't in "as bad of shape this year as it had been last year" and they were currently only looking at a \$178,000.00 shortfall, as opposed to the \$500,000.00 shortfall last year.

Manager Linn had provided the Board with a package that outlined several options for balancing the budget. He stated that the Board could look at those, or send Staff back to the "drawing board". All General Fund Departments had submitted their budget, but as of yet the Finance staff had not gone through them yet. As submitted, the General Fund reflected a \$178,000.00 shortfall.

Manager Linn also stated that Public Works Director Steve Rowland had copies of the mowing contract bids, and may also want to discuss the Pavilion roof repairs with the Board. Recreation Director Andrew Morgan also wished to go over the fishing permit fees, which he had worked with Finance Officer Ginger Gibson to develop.

Manager Linn went over the seven different options that Staff had developed.

Manager Linn then reviewed the projected State revenue. He stated that the State was predicting a local sales tax base growth of 3-4%. Staff had figured that projection on the low end when preparing the budget. The distribution tax was predicted to raise slightly, though not much. The Powell Bill would bring in \$96,000.00 (which was an increase over the previous year). Manager Linn went over the larger revenue tax items that the Town received from the State during a budget year.

Staff was predicting minimal growth on investments.

Manager Linn stated that currently there was \$1,933,000.00 cash on hand. He went on to state that the budget did figure in a transfer from the Light Fund to the General Fund in the amount of \$250,000.00, which was just below 5%, the allowed amount under the transfer policy.

Manager Linn stated that the predicted tax collection amount is less because of the re-evaluation. They were projecting a 97% collection rate.

Manager Linn had met with each Department Head this morning as a group and discussed the General Fund budget with them. He had asked for opinions and ideas and the “well had came up dry”. He also advised them that he had not made any budget cuts from their submitted budgets yet.

Mayor Brown commented that option three – which would contract out the Town’s sanitation services- was showing a savings of \$90,000.00, he indicated that he thought that amount had been more before. Finance Officer Ginger Gibson commented that money had been left in the budget for tipping fees from roadside trash collection, which the Town would still handle. Alderman Furr inquired if those figures included sale of (garbage collection) equipment. Manager Linn confirmed that this did not include sale of equipment. The garbage truck that was in use now would be moved to curbside trash collection because the current one is very old; it would become a back-up vehicle. He stated that this option did include the loss of three employee positions – however one of them may retire.

Alderman Hilton inquired if there was any chance that whoever the Town contracted with would hire the employees who lost their jobs. Director Rowland stated that he had not discussed that with any of the prospective contractors yet, but he could. He commented that when the Board had looked into contracting out sanitation services two years ago, one company had been interested in hiring any displaced employees. Mayor Brown advised Director Rowland to check into the matter.

The Board inquired if the amount of the pool contract had been increased. Manager Linn stated that it had not been increased. Finance Officer Ginger Gibson explained that it had ended up costing more because of needed repairs and the fact that the pool opened and closed earlier than it had in the past. Alderman Furr inquired why the budget was predicting fewer memberships. Ms. Gibson stated that they had been conservative in their estimates. Manager Linn stated that they would be looking at pool rates tonight, but advised that increasing the rates further could actually bring revenue down.

Alderman Hilton inquired if money had been put aside for digital radio (upgrades for Police). Manager Linn stated that no money had been budgeted in or put aside as of yet, but they did currently have four reserves: one for the fire truck, one for the fire station and two for the water/sewer projects. They could also set up a reserve for the purchase of digital radios if the Board desired. Alderman Hilton inquired if we had a date for the deadline for the upgrade to digital radios. Division Chief Art Delaney stated that he believed it was sometime in 2013.

Alderman Hilton wanted to know if we had “nailed down the cost” for upgrading the Police and Fire Department radios. Manager Linn stated that the Fire department’s radios were included in the county system, so the Town would only be paying for the Police upgrades. Police Chief Brian McCoy stated that they did not have costs yet, but it was a topic that had been discussed. So far, they had no concrete numbers. However, all new radios that had been purchased in the last few years were already digital capable. While they had no firm numbers on the overall costs, the handheld radios were around \$5,000.00 a piece themselves.

There was further discussion on this matter and Manager Linn discussed some funds that came in for the Police Department that could be earmarked for a reserve to purchase the radios. He stated it was not much but it would be a start. Alderman Hilton stated that they had to start somewhere because they knew this was coming.

Manager Linn then stated that they would be opening bids Wednesday for the Water/Sewer projects. There would be no payments due until the 2012-2013 budget though.

Alderman Hilton then inquired if we provided payment plans for tap fees, or if the amount had to be paid all at once. Manager Linn stated that for individuals a payment arrangement was possible, but it was not available to contractors. He gave an example, if a customer's septic system failed and they needed to tap onto the sewer system, Staff would work with them on payments.

Alderman Safrit stated that when considering the various options, he would not like to see any employees cut out, as the employees had been very loyal. Mayor Brown agreed. Alderman Safrit stated if there was any possible way to keep all current employees, he wanted Staff to do so. He stated that he would consider contracting out sanitation only if there was the option that any displaced employees be picked up by the contractor. Alderman Hilton commented that they could not force the company to do so, however they could press upon them that they would need someone who knows the route, it would make sense.

Alderman Furr inquired if the increase in debt payments for option two was due to a new sanitation truck being budgeted. Manager Linn confirmed that was the case.

There was some discussion concerning whether or not the Board would entertain a tax increase, and the options that involved a tax increase. The Board felt there was no reason to raise taxes and Mayor Brown stated that for "staff purposes" they should focus on option three. The Board concurred.

Manager Linn stated that staff would go back through the budget and make changes. He clarified that the Board would like them to get quotes on contracting out the Town's sanitation. The Board confirmed that they did. Manager Linn stated that it would need to be done in the coming week.

There was further discussion of contracting out sanitation and whether recycling would be bid out as well. It was decided that only bids for sanitation would be accepted since they already had a recycling contract.

Finance Officer Ginger Gibson stated that they had received word today from the LGC that the pension retirement rate would be going up. 6.88% for regular employees and 7.35% for police (this would be the employer contribution). She stated that she would figure the amount into the budget.

Alderman Furr inquired about the doubling of unemployment insurance. He inquired if that was an increase from the State or from people. Ms. Gibson stated that they had been hit hard this year. Alderman Hilton commented that the "State had hit everyone hard".

Manager Linn asked if they would like to make a decision on the mowing contracts. Alderman Hilton inquired when it would be needed by. Manager Linn stated that a decision would be needed to balance the budget.

Recreation Director Andrew Morgan then provided the Board with proposed fees for fishing permits. Alderman Hilton inquired where passes would be sold from. Manager Linn stated that Monday through Friday they would be sold at City Hall for now, and on the weekends at the lake house (which would be the office) once renovations were complete there. Director Morgan was in the process of getting everything cleaned up there.

There was discussion of the pool fees and Manager Linn stated that the revenue for the pool had far exceeded what had ever been done in the past. The only rate at the pool that the Mayor had a question about was for pool rental. Deputy Town Clerk Debbie Goodman stated that they had raised that rate one year and rentals had dropped off since.

The Board then discussed the proposed fees for fishing permits. Alderman Hilton inquired if people would be able to keep what they catch. Director Morgan stated that he was going to have the lakes accessed and receive a recommendation from the DNR, who he had been working with concerning the rules and regulations at the lake.

The Board approved both the fishing permit fees and the pool fees, leaving the pool fees as they had been in the previous budget year.

The Board then discussed the mowing contracts. Manager Linn stated that ProGreen was the Town's current contractor for mowing work.

Alderman Hilton commented that before they approved a bid, he wanted recommendations from Manager Linn and Director Rowland. Director Rowland stated that the current contractor did a wonderful job, and went above and beyond what they were required to do. Manager Linn stated that historically the Boards had always tried to award contracts to local businesses in town when possible. He commented that ProGreen lives and works in town.

Alderman Furr inquired if all of the bids were qualified for pesticides. Director Rowland confirmed that they were.

Alderman Safrit stated that he had no problem with ProGreen; he felt they did an excellent job.

Manager Linn stated that they had received fourteen bids, but after review they had narrowed it down to four. Alderman Safrit felt if "it wasn't broke, don't fix it" in regards to the mowing contract.

Alderman Furr asked Director Rowland to estimate the value of the additional work that the current contractor was doing. Director Rowland stated that he felt it was at least 5% more than what had been asked for.

Mayor Brown asked what they planned to do about the doors at the Pavilion. Manager Linn stated that they would replace them with storm doors – the bathroom, storage areas, etc. If they got everything at the Pavilion repaired they may be able to increase the charge to rent from \$25.00. Alderman Safrit inquired how many people rented it now with the shape it was in. Deputy Town Clerk Debbie Goodman stated that there were very few people who actually rented the Pavilion, but they did have people who used it that did not pay and she felt that if they raised the price too much people would not rent the Pavilion at all.

Alderman Hilton stated that part of the problem was vandalism. He wanted to know what would be done to keep the new doors intact. Manager Linn stated that at the request of Chief McCoy hours had been posted so that the police could do something about trespassers. They would increase their patrols. Mayor Brown asked about lighting at the Pavilion. Director Rowland said there was a large light inside of the structure, like a street light.

Alderman Sloop asked if anything had been budgeted for the recommended pool repairs. Manager Linn stated that nothing had been figured in at this point. There was discussion of the kiddy pool and how to get it brought up to standard, and it was decided to simply fill the kiddy pool in.

There was then discussion about the roof repairs for the Pavilion. The Board instructed Director Morgan to get more detailed information from the bidders before they would make a decision.

Alderman Safrit then inquired about voting on the lawn care contract. Manager Linn said that they could vote tonight or at the next budget meeting.

Alderman Safrit motioned, seconded by Alderman Sloop, to award the mowing contract to ProGreen. Aldermen Sloop, Safrit and Furr all voted aye. Alderman Hilton voted nay.

The meeting was then recessed at 7:15pm on Monday, April 11th, 2011 until Tuesday April 19th, 2011 at 6:00pm.

Heather Wood
Administrative Assistant