

**April 19th, 2011
Budget Workshop**

At 6:00pm., on Tuesday, April 19th, 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 Linn then went over the highlights for the Water, Stormwater, Sewer and Light Funds.

In Water, Manager Linn stated that they were not looking to raise any fee or rates. There would be no cost increase from Kannapolis and they were expecting a 2.5-3% increase from Salisbury, which had been absorbed into the budget. Director Rowland was asking to budget for a new walk behind trencher for the department, as well as a new service truck. The Water budget was balanced as submitted.

Alderman Hilton inquired as to how much had been put away for capital improvements. Manager Linn stated that all tap, access and penalty fees were put away for that – a budgeted amount of \$28,500.00. That was the amount that was budgeted because that is what had been taken in thus far in this budget year.

There was some discussion with how the Oaks of Landis was doing, Manager Linn confirmed that it was doing well and he had issued two zoning permits today.

Manager Linn stated that there would be no payment due for the water improvements until the 2012-2013 budget.

There was further discussion concerning tiered water rates.

In Stormwater, Manager Linn indicated that there were no changes to the budget and no fee increases. It was balanced as submitted. Justin Stallings had been moved to Stormwater because that was his overall job now.

In Sewer, Manager Linn stated that they were not budgeting for any fee or rate increases. There was a projected increase from Salisbury of 2.5-3%, but it had been absorbed into the budget. There was a request in the budget to install an emergency overflow notification system for the sewer lift stations. This was needed so they would not have to rely on people hearing the warnings to alert the Town to a problem. The budget was balanced as submitted and there had been no sewer increases for customers in four years.

Because of the Cleanwater Management Trust Fund Grant, the Town had been able to clean out the sewer system. Due to that, treatment charges had come down.

There was further discussion of the tiered sewer rates.

In Lights, Manager Linn stated they were anticipating a wholesale increase that could be anywhere from 2.5% to 7.6%. They did not know for certain yet. The budget had been based on a 7.6% increase. Next Tuesday there would be an Electricities Commissions meeting in Concord where there would be a vote on whether to restructure the debt or not. Director Rowland would be attending, as he was able to vote. The increase would depend on how the vote went. Finance Officer Ginger Gibson had figures with a 5% and 2.5% increase as well.

Alderman Hilton stated that they should have Director Rowland vote for the 2.5% rate increase, since they would “never pay of the reactor (debt) anyway”. He felt if it was set up in a way that the debt could be restructured, then we should vote to do so.

Manager Linn stated that the 12kv conversion was still underway and they continued to upgrade and improve the system. There was a request in the budget for a mini excavator and the budget was balanced as submitted.

Alderman Hilton inquired if the pole attachment money ever started coming in, would it be put into the Light Fund. Manager Linn confirmed that it would be.

Manager Linn stated that they were still working on the General Fund, though it was mostly complete. They had advertised for bids for the sanitation contract, and so far had only received one. They would wait until the deadline.

Alderman Furr stated that while he didn't want to see increases in the Water and Sewer Funds, he was concerned with absorbing the wholesale increases. He didn't want to see the Town get behind in raising rates appropriately. He felt that they needed to have some increase, even if it wasn't the entire wholesale amount. Director Rowland pointed out that the increase in Water was only from Salisbury, Kannapolis was not anticipating an increase. Manager Linn explained that this year with the rates and the added use, they were projecting a \$49,000.00 surplus and that was after absorbing this year's increase. That is why staff had not factored in a water increase for the upcoming budget, they didn't need to do so.

Mayor Brown inquired what would be done for the next (2012-2013) budget year. Manager Linn stated that they were not sure yet, as it would depend on the payments as they didn't know what the interest rate on the financing for the projects would be yet. They were unable to go to the banks about financing until the bids had been awarded. He did not want to say for sure, but said it could be a 5% increase. Alderman Hilton stated that he would hate to be back here next year and staff recommended a 10% increase when they could have started the process this year.

Manager Linn said that it was an easy fix if the Board wanted to raise water rates 2.5-3%, staff could easily balance the budget.

There was further discussion about whether to raise the Water rates or not. Manager Linn pointed out that rates could also be adjusted mid-budget year. The only rate that could not be changed in the middle of the year was the tax rate; other rates are flexible. They had never done it before, but it was possible.

There was further discussion on both the Water and Sewer rates. The Board asked Staff to incorporate a 1% rate increase in the Water Fund and to come back with the numbers. Manager Linn stated that the budget would still be balanced even with the increase, unless the Board wanted to change something else.

Manager Linn explained that currently in the Water Fund they were showing as \$47,000.00 in the red because they had not received money back for the engineering fees yet. Reimbursement would be received before the end of the fiscal year.

The Sewer Fund had over \$300,000.00 in it and was looking good. Manager Linn stated that Staff predicted that Sewer would have a substantial surplus at the end of the fiscal year this year and they were very comfortable with leaving the sewer rates as they were. It was Staff's recommendation not to raise Sewer rates for the upcoming fiscal year.

The Board then asked for Staff's recommendation on the Water Fund. Manager Linn stated that the surplus there was only around \$49,000.00 and if use dropped at all, that could be "eaten" quickly. Staff had gone back and forth about whether to raise rates or not. Alderman Furr stated that they should do a 1% increase in Water rates then.

There was further discussion of the rate increase issue.

Manager Linn confirmed that the Board wanted Staff to increase electrical rates according to whatever wholesale increase was passed along to the Town. The Board stated that they did. He stated that the meeting concerning the rates and debt restructuring with Electricities would be on April 26th, 2011.

Manager Linn then went over what had been discussed for the various funds. There would be no increase in the Sewer or Stormwater Funds, and there would be a 1% increase in the Water Fund rates, at the Board's request.

Mayor Brown asked when Staff would have the General Fund budget completed. Manager Linn stated that as soon as all bids had been received for sanitation and a decision had been made. The bids would close on May 4th, 2011. It was Manager Linn's recommendation to call for another budget workshop as needed at their regular meeting on Monday, May 2nd, 2011. At the next budget workshop, if everything was worked out, Staff would hopefully have a completed budget to submit.

Recreation Director Andrew Morgan then passed out information on the bids for the roof of the Pavilion. There was brief discussion of the different bids.

Alderman Hilton stated that it was his recommendation to go with the cheaper gauge. The Town had insurance in the event of damage via hail. So it was his recommendation to use the lighter weight. Alderman Furr agreed that the 29 gauge would be sufficient. It was also the Board's preference to go

with the bid that offered a fixed price for any wood work that needed to be done when the old roof was removed, instead of a variable.

Alderman Safrit motioned, seconded by Alderman Furr, to award the contract to replace the roof on the Pavilion to JS Construction, in the amount of \$10,200.00 for 29 gauge. All voted aye.

Alderman Hilton motioned, seconded by Alderman Sloop, to adjourn the meeting.

The meeting was adjourned at 6:48pm on Tuesday, April 19th, 2011.

Heather Wood
Administrative Assistant