

March 13th, 2010

At 8:30A.M., on Saturday, March 13th, 2010, at the Club at Irish Creek, Mayor Dennis Brown called to order the Town of Landis Board of Aldermen Annual Budget Retreat. Those present along with the Mayor were Aldermen Tony Hilton, Roger Safrit, and Craig Sloop, Town Administrator Reed Linn, Public Works Director Steve Rowland, Recreation Director Julie Noblitt, Police Chief Brian McCoy, Deputy Town Administrator Debbie Goodman, Division Chief Art Delaney and Administrative Assistant Heather.

Alderman James Furr was not in attendance.

A quorum was met.

Mayor Dennis Brown welcomed all those in attendance.

The pledge of allegiance was led by Mayor Dennis Brown.

The first order of business was to appoint a Town Manager for the Town of Landis.

Alderman Hilton motioned, seconded by Alderman Sloop, to appoint Douglas R. Linn as the Town Manager. All voted aye.

The Board was presented with a financial statement (which ran through January 31st, 2010. Manager Linn explained that the Water Fund was in the negative, but the Town had not been reimbursed the \$90,000.00 in projects costs from the bonds yet.

They switched the agenda around to allow Mike Acquesta to go first since he needed to leave soon. He addressed the Board concerning the Water/Sewer projects and the indebtedness the Town would incur as a result. They were still waiting on the final approval from USDA concerning the contracts and the plans booster pump station into Kannapolis needed to be modified. Also, the sewer pump station designs were not finished.

Mr. Acquesta then addressed water and sewer rates, and how they would need to be increased to cover the indebtedness from the project. He explained that the figures he had provided did not account for any grants they would receive. If they wished to pay only interest, water rates would need to be raised 5.25 percent; if they wished to pay towards the full debt service they would need to be raised 9.1 percent. The good news was that with the sewer budget, there would be no need to raise rates on the sewer side.

Mr. Acquesta had spoken to Alan Hart and payments would not start until six months after completion of the project. The earliest the projects could get under way would be July, and they would take at least a year to complete, so they were not looking at having to start making payments until January 2012. However, he recommended starting to raise the rates this budget year so that it did not "hit all at once". Once they had the actual budget, he would do a calculation of rates, though it was his recommendation to only raise them 50 percent of what was necessary this year, and then the remaining 50 percent the next.

The sewer projects would not start until after the water projects had been completed.

Alderman Hilton stated that customers had liked the tiered rates that had been implemented; that they had begun to deliberately conserve water. Mr. Acquesta commented that having tiered rates also helps you get grants.

Mr. Acquesta then updated the Board on the sewer videoing project. The contractors were now 75% completed and by the next Board meeting he projected they would be 90% completed. There were 18 videos produced so far, and 11 had been reviewed. A computerized map of the system had been created and they would be plugging the collected data into the program.

Mr. Acquesta had sent in the request for reimbursement to the state for \$48,000.00. They would be able to submit reports for additional grants. Director Rowland stated that he would be budgeting for root maintenance and prevention. Mr. Acquesta commented that they were not videoing the lines that were going to be replaced and he also pointed out that root infiltration can crack pipes and that when they retreat they leave holes.

AJ Molner with Southeastern Engineering then gave the Board an electrical system update. He stated that not much had been completed since he addressed the Board at the last budget retreat. They had done an arc flash study to assess the substation and make sure that employees had the proper protective clothing. He stated that the Town had already the correctly rated clothing and equipment. It would protect the Town "in the long run".

As far as moving forward, Mr. Molner stated that he was still working off of the system betterment study that had been conducted. The main project he felt that needed to be undertaken was the continued 12kv conversion; no further conversions had been made in the last two years. There was a "big chunk" that needed to be converted next, the service across Highway 29, which was still 4kv. If they replaced everything over there, the approximate cost would be \$325,000.00. However, he said it could easily be broken up into phases. Mr. Molner reminded the Board that 4kv costs more and it is not as reliable as 12kv and 12kv was easier to maintain. It could be split into three different projects, but he would like to see the conversions get underway again.

The next area he wanted to see the Town focus on was the continued upkeep of the substation. He felt it was doing fine but it does require upkeep. He suggested saving money but once again hooking up the load management abilities, which can shave off a bit of usage at peak times.

Mr. Molner advised that they keep the tree trimming up, as it makes a big difference as far as reliability in the system is concerned.

He stated that "power is a good business to be in" and he advised that the Town continue to make improvements so that it can pay out. He also stated that they were always welcome to call him with any questions or concerns.

Director Rowland recommended splitting the 12kv conversion into projects as suggested by Mr. Molner and attempting to raise funds because currently there was not quite enough in the Light Fund to do everything. He commented that the Light Fund really needed to have at least \$1 million. Mayor Brown advised Director Rowland to reflect that in the budget.

Mr. Molner stated that everyone was raising rates and that the agency was trying to get green technologies into the portfolio.

Manager Linn inquired which area they wished to convert to 12kv next. Director Rowland stated that it would be at Chapel where it goes into Highway 29 and across Highland Woods to 23rd Street. Only one transformer would need to be replaced in Highland Woods. For that project it would be approximately \$100,000.00 and they could do the other projects as they could afford each year and try to “put money back”.

Alderman Hilton stated that they needed to get the “critical issues” done as quickly as possible. Director Rowland agreed that critical and safety issues did need to be addressed immediately.

Robert Van Geons of the EDC then addressed the Board. He explained that they were now going by “RowanWorks”. He spoke to the Board concerning economic development and what RowanWorks mission was. He felt they were close to “fully functioning as an EDC”. Approximately 4900 jobs had been lost in the last three years in the county. He spoke briefly about jobs, the economy and upcoming projects.

Alderman Hilton stated that Mr. Van Geons had already had more of a presence than his predecessors and he was please to see the activity and their presence here. He wanted to know what the Town could do to help the EDC bring business here (to Landis).

Mr. Van Geons stated that he would like to see a volunteer from the Town who could “keep on top of things and help”. The EDC was only 3.5 people and it would aid greatly if there was a “local person who focused only on Landis”. He also stated that they needed feedback and that Landis was a “unique community”. Communication was the most important thing.

Mr. Van Geons was also requesting that the Town raise its funding from \$965.00 to \$1,965.00 per year.

Alderman Hilton stated that they needed to get with Electricities to develop some “build ready sites”.

Matt Schull, the Division Director of NCMPA1 then addressed the Board. He gave them an overview of the company—which was formed in 1976 and it included 19 cities in central and western North Carolina. They owned a 37.5% interest in the Catawba Nuclear Plant. The Town of Landis’ share of that debt was 1.298% (\$18.1 million).

He outlined some of the indebtedness that existed, stating that all should be mostly off by 2019, with some coming off in 2032.

Mr. Schull stated that the NC Senate Bill 3 that had been passed in 2007 required renewable energy and efficiency standards. By 2018, 18% must be renewable energy.

Caps had been put in place as to how much cost could actually be passed onto customers. Manager Linn explained that the Town did not currently pass on renewable energy costs to its customers.

Mr. Schull stated that electric sells were down 3.6% in 2009 from 2008. Output was down 3.7% in 2009.

In November/December they were looking at an 8.9% increase over several years. Since then they have examined and researched options. They had \$95 million in bonds they could refund and move which would reduce the debt service for several years. It would provide an immediate rate relief. They would be looking at 5% increase instead of 9%. It would be 5% in 2011 and 2012, and 3.5% in 2013.

The financing mentioned would be subject to LGC approval. If financing is not accomplished, they would need another 5% “tacked on” to get it back to the 9% increase. A 5% increase would equate to a \$.17 per day increase in cost with 1000kw per month usage.

Duke Energy had raised their rates 6% in September 2009, with a 7% base increase. In 2010 they were looking at 3.8%, 2011 3.2%. They had also asked for a 5.6% fuel adjustment for September 1st, 2010. Duke Energy’s rates were “all over the place”.

Mr. Schull went on to say that NCMIPA1 had some of the lowest rate increases over the past years and that competitively speaking they were still on par with the other power companies; he felt the “long term future was very bright”.

The next speaker was Jeffrey Nadeau with Advanced Disposal, who was there to address the Board regarding outsourcing the Town’s garbage and recyclable collections. Director Rowland stated that the Town needs “help in the General Fund” and he had contacted Mr. Nadeau to re-open the matter of outsourcing garbage collection. Mr. Nadeau had provided a quote for service that would save the Town money.

Mr. Nadeau showed the Board an example of the trash bin—which is 96 gallons—and explained they also had a recyclables bin that is 64 gallons and a different color. They used a single stream system for collecting recyclables, which meant that customers would not have to sort, it could all be placed in one bin. They were the first in Rowan County to use that type of sorting, and one of the first in the Charlotte area.

Mr. Nadeau went on to state that 76% of municipal governments use private companies for waste disposal. He felt Landis had a very “good run” with handling its disposal itself, but if they were looking to save money and upgrade the collection carts, Advanced Disposal would be able to help. This would also transfer some of the risk from the Town – financial, insurance and workers compensation for example. The carts would be safer, as no one would actually have to touch them with their hands when they were collected.

Advanced Disposal is based out of Jacksonville, Florida and they have customers in six states, 1500 employees and their own landfills. They had started doing business in North Carolina last year and have contracts with Huntersville and Stanley. With Landis, they were looking for a “foothold” into “this part of the world”, especially in regards to recycling, as they would like to demonstrate to Rowan County what they were capable of.

Mr. Nadeau assured the Board they would not “lose control” (of collecting garbage/recyclables), and that accountability would lie with Advanced Disposal, but the Town of Landis would have absolute control over standards, the contract, etc. He did state that they prefer complaints to go directly to their company and then at the end of each day they would generate a report that would be passed onto Director Rowland. It was Mr. Nadeau’s feelings that Advanced Disposal could provide an “upgrade in service”.

Manager Linn inquired about arrangements for “special needs” citizens. Mr. Nadeau explained that a list would be compiled of customers who had special needs, and the drivers would be equipped with them. The driver would handle retrieving the cart(s) and emptying the contents. Though Mr. Nadeau did request that the Town use some “vigilance” with this to make certain those on the list were actually special needs cases. He stated that generally speaking special needs customers made up 2% of the total households; though with Landis it could be more (due to the large elderly population).

Alderman Hilton recommended establishing guidelines to make determining who qualified as “special needs” easier. Mr. Nadeau said they could research, but that ultimately they wanted to be “generous”, that

they wanted to “accommodate” customers. Alderman Hilton agreed, but stated that he simply did not wish to see people being put on the list because they didn’t want to “fool with it”.

Finance Director Ginger Gibson inquired if customers would be allowed more than one container. Mr. Nadeau stated that a second container in a household would not be “discounted” and the customer would have to pay the full monthly rate. They do not sell carts, but provide them as part of the package. They were requesting an initial five year contract and if things went well two more additional one year extensions. (These time frames were requested because the general life of a cart is seven years).

When people moved into or out of residences, Director Rowland’s department would administrate that and contact Advanced Disposal and they would generate a work ticket. If a customer happened to take the cart with them, the Town would not be responsible for the cost, all bins have serial numbers. Also, if there was trash that was not put into the can it would not be left, but it would need to be put into bags. However, recyclables would need to be left loose inside the bin.

Also, Advanced Disposal would go back out to pick up trash even if someone had forgotten to put it out on pickup day. It would take two days to complete the entire town and recycling would be done every other week. They also strived to resolve all issues within 24 hours. Customers would need to have their trash out by 7:00am.

For non-residential customers, industrial bins (like a dumpster) could be provided.

Director Rowland summarized that liability would be on Advanced Disposal, things would be cleaner in the long run and currently safety was an issue. He felt that if the Town no longer handled garbage collection themselves, it was possible they could see a 10% decrease in liability. He stated that it is very uncommon now for people to ride on the back of collection trucks. Also, there were more and more landfill restrictions being implemented every year.

Also, in 2012, they would need to budget for a new garbage truck to replace the current truck that was from 2004. A new truck would cost a minimum of \$200,000.00. Outsourcing collection would cut down on man hours and fuel cost; right now 40 man hours per month was being spent on collection. The Town would see a guaranteed \$65,000.00 savings from last year’s budget.

Director Rowland stated that some citizens would not like roll out. Alderman Safrit commented that there was a different being “not liking” something and being unable to do it.

Mr. Nadeau commented that he understood that outsourcing would cause a “loss of jobs” for Town employees, and that Advanced Disposal would be looking to hire two new drivers right now. Drivers would be required to have a CDL.

Manager Linn then addressed the Board concerning Administration and the General Fund. The projected revenue for the 2010-2011 fiscal year was \$2,034,720.00 which was a decrease of nearly \$500,000.00 from the current year’s budget. They would need to find a way to decrease costs by that much in order to maintain the same “level of service”. The only thing that had increased was the tax collection rate, while everyone else was down 5-7%.

He then went over the expenditures as of January 31st, 2010. If things continued at the same rate of spending, they were looking to be over budget by approximately \$40,000.00 in the General Fund by the end of the fiscal year. It was his recommendation and that of the Finance Director to stop all unnecessary

spending and to “tight up more”. Alderman Hilton stated that it was “not an option” to be over budget. Ms. Gibson agreed, stating that the “(General) Fund could not take it” and that they needed to increase the revenue within to so the LGC would be happy with the state of the fund.

Manager Linn went over several ideas that could generate new income for the Town and stated that they needed to start looking at growth over the next five years. There was discussion of festivals within the Town, and Manager Linn stated that they were trying to get into the habit of doing something every month (such as dance classes, etc).

Also, the Town’s accountant had recommended establishing a debt service fee—for example, a charge of \$2.00 per month per customers that lived within the city limits.

The Town’s current tax rate was \$.40 per \$100.00 evaluation. Manager Linn discussed what kind of income would be generated with a tax increase, stating that he knew the Board did not wish to raise taxes, but he wanted them to have the information.

Alderman Sloop recommended seeing what the LGC suggests.

Manager Linn stated that they were looking at ways to save money. They were looking at a new healthcare plan, which would be through Blue Cross Blue Shield. They were in the early stages of discussion, but it seemed it could possibly reduce costs by \$30,000.00 per year.

He stated that the Town does not currently charge from credit card transactions, but fees the Town was charged per transaction were going to be \$28,000.00 per year and it was his suggestion that a transaction fee be established.

Manager Linn also touched on Sanitation again—stating that outsourcing collection would eliminate four to five positions. Two employees would be retiring, and Advanced Disposal was looking for two new drivers and they wanted to ensure everyone had a job. The Town would see a savings of \$70,000.00 per year by outsourcing garbage collection and recycling.

He stated they would like to finish painting City Hall—the only cost would be for the paint. Public Works employees would do the actual labor. Only one side of the building still needed to be painted.

Manager Linn also went over a program that he wanted to see the Town become a part of. It was called SMOKE SIGNAL and would allow the Town to contact customers via automated phone calls for situations like scheduled outages, or emergencies, and provide them with details and information. It would be able to use the phone system to send messages to home phones, cell phones and pagers (if they could receive text messages). Recreation could also utilize the program to contact parents and coaches about ball game cancellations. The program could also be used to recall employees during an emergency. The initial cost of the program was \$4,100.00, with a yearly fee of \$960.00.

Manager Linn went over what debt service had been retired during the fiscal year, which totaled approximately \$450,000.00.

Manager Linn then went over the monthly cost of operation within the General Fund. \$593,168.58 had to be produced every month to covers costs before the first item could be bought. This did not include fuel, office supplies, etc. He stated that a lot of people did not realize exactly what has to happen to be able to meet the monthly bills.

He once again stated they were looking out outsourcing sanitation, which would offer the same level of service now, except for less money. The only difference would be that it was not backyard pickup. The Town would still continue to pick up curbside limbs and leaves. It was also noted that outsourcing would reduce landfill costs.

Ed Norvell then spoke to the Board concerning fund raising for the passive park. He stated that the first step would be developing the full concept—and it was his understanding the hardware building would become more like a community center. The Town would need a Master Plan (which was currently being developed). He commented that the space had a “multitude of uses”. It used to be a film theatre; the projection booth was still in the building. The site had the potential to generate money.

Mr. Norvell provided the Board with information on fundraising and foundations that they could approach. He stated that he had helped other groups in Salisbury with fundraising. He stated that the Town has a great resource—the land that was donated for the passive park, which could be used for matching funds with the PARTIF grant in the amount of \$350,000.00.

He stated that the Town needed to put together a “game plan”. Recreation Director Julie Noblitt stated that they would need to see which would meet their needs—combing the projects or having two separate concepts. Mr. Norvell said the benefit of combining things was that generally you did not “go public” with fundraising until you had half of the funds and with the PARTIF grant and the matching funds with the property, they could start asking for donations.

The 1st PARTIF grant deadline the Town could meet would be January 2011, with the first cycle being awarded in June of 2011. Alderman Safrit stated that they needed to get “set up as fast as they can” because the railroad was “coming in by 2014”. Mr. Norvell said they needed to have all their planning done before applying, and then they could “gear up a campaign”. The Town would need a chair and co-chair and separate divisions—such as corporate, business, civic clubs, individual, etc. He stated that he would be happy to help but they needed a local chair. His expertise was with major doors. They would need local people to approach local businesses. Generally a division head would be appointed as well. He advised setting a realistic goal and having good plans, drawings and to have half of the money in hand.

Mr. Norvell stated that foundations are very important and that the family was very committed to the project.

Manager Linn asked if finding a chair person to head up the committee should be the first step. Mr. Norvell confirmed that, stating they would then need to start the planning and putting together a campaign cabinet.

Recreation Director Julie Noblitt then addressed the Board concerning Recreation. She stated that her main concern was the pool. It was down to bare concrete and was no longer waterproof, and the skimmers leak. They had two options—to either paint or get a new finish. The paint would cost \$8,500.00 and last 3-4 years; finishing it would cost \$24,000.00 and last 15 years. There was further discussion in regards to repairing the skimmers as well. A complete renovation and upgrade to the pool would cost \$70,000.00—which would add up to more than \$70,000.00 in savings over 15 years.

Mayor Brown inquired if there were any existing grants or foundations they could seek help from. Director Noblitt stated that she was not certain, but the Master Plan would have it with an option and she would look into things. Manager Linn stated that the USDA also has funding available, but most were in the form of loans. They could also look into grants. Mayor Brown instructed them to look into it for repair or replacement.

Director Noblitt said that she currently had a draft copy of the Master Plan and that the firm would be there in April to go over the final plan. A few key things that had stood out to her were that the Town rated very low for capitol improvement investments, which could make it very eligible for funding. She advised the Board to look over the plans before moving forward too much.

Manager Linn stated that they had also discussed turning Lake Corriher into a wilderness area with fishing, primitive camping etc.; there was tremendous opportunity to raise funds just at Lake Corriher.

Director Noblitt stated if the Board was willing to commit to Parks and Recreation; it was time to start looking at additional full time staff. In order to have programs, they would need to have people to run them and oversee them, especially with all the grants and fund raising that was going to be coming up.

Police Chief Brian McCoy then addressed the Board concerning the Police Department. He went over some of the things the department had accomplished in the last fiscal year—they had added several cars to the fleet and had given them a new look. He stated there would be no new cars needed in the upcoming budget. Also, they had changed the uniforms from black to blue, stating that some citizens had found the black “intimidating”. He stated the cost would be “minimal” once the transition was complete.

They were starting to focus on “community policing” and had bicycle patrols and had held the Town’s first National Night Out. They were looking at the Special Olympics, as well as a golf tournament at the Club at Irish Creek. They were making “good arrests and following leads”.

They were also looking at the “A Child Is Missing Alert Program”, stating that the first 24 hours are the most crucial. They wanted to be able to prepare now. They were also still looking at a K-9 programs. They were doing foot and bicycle patrols and trying to get students involved. They also had a traffic grant for a new officer.

Chief McCoy stated that the NCLM says that there should be at least three officers on duty at all times, 24 hours a day, seven days a week. The average cost with benefits was \$42,000.00 per officer. Alderman Sloop inquired about grant writing, stating that Homeland Security could provide funding. Chief McCoy said there was a COPS grant but it was for a very specific purpose.

Chief McCoy stated that there were organizations looking to help fund the K-9 program, so the money to pay for the program would not come directly from the Town. The department would like to have a K-9 unit to help find lost children, elderly persons and in schools to locate drugs. The dog would be a multi-use dog, not an attack dog.

Chief McCoy stated that they had enough vehicles on reserve that a new vehicle would not have to be purchased for a new officer.

Manager Linn stated that if they added additional officers some could do inspections at Lake Corriher, and do joint funding with Recreation. Chief McCoy stated that they would have to patrol either way and they would need to look at the matter before anything actually opened there.

Division Chief Art Delaney then addressed the Board concerning the Fire Department. He stated that he would be budgeting \$24,494.00 to cover any matching portions of grants that he was applying for. The only thing he was asking for was to be able to roll that amount over into an equipment fund if they did not receive

the grants to still be able to purchase some of the equipment. He stated that he was still waiting to hear back on the grants that had been applied for. This money would then bring the department up to standards.

Chief Delaney stated that he wanted to get a child safety seat station in Landis, which would provide services to check seats and to install them for people. The only cost associated with it would be \$75.00 per person they sent to the school for training.

Chief Delaney stated that they would also be getting a “command type unit” that would replace the “special op trailer”. They had been lucky enough to acquire one as a donation from a neighboring agency and it would be able to perform both tasks. All it needed was lettering.

Public Works Director Steve Rowland then addressed the Board concerning the Sewer Department. He stated that they need a diesel powered portable pump to keep sewage from leaking into the creek should the pump station shut down. The cost was \$28,000.00 and renting was a waste of both time and money.

As far as the Stormwater Department went, the mapping had been completed and he recommended starting to use the fund to handle projects as they arise.

In the Streets Department, Director Rowland asked the Board what direction they wished to take in regards to using Powell Bill monies. There were currently three unpaved streets in Landis. The Board stated that they would like to see the sidewalk project to be completed first. Alderman Hilton also recommended re-applying for the “Walk to School” program (the Town had been turned down the year before). The program helped fund sidewalk building to connect schools and to “get kids walking”.

The Board then made a few comments in closing.

Alderman Hilton stated that he knew staff was doing all they could do to save money and he appreciated it. He also commented that he was sorry to see they were looking at such a shortfall. He knew that it was not because we were “running off and spending money”, that it was simply the economy. He also stated that he wanted a tax increase to be the “last resort”, that the citizens were “just as bad off as the Town”.

Alderman Safrit thanked everyone.

Mayor Brown stated that the process was “just beginning” and he appreciated all the work that staff had put into the meeting and that they had “really made (it) happen twice”.

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

The annual budget retreat adjourned at 2:30pm on Saturday, March 13th, 2010.