

**April 12<sup>th</sup>, 2010  
Recessed Meeting  
Budget Workshop**

At 7:00 P.M., on Monday, April 12<sup>th</sup>, 2010, in the Board Room of the Landis Municipal Building, Mayor Dennis Brown called to order the Town of Landis Board of Aldermen recessed meeting from April 5<sup>th</sup>, 2010. Those present along with the Mayor were Aldermen Tony Hilton, Roger Safrit, Craig Sloop and James Furr, Town Manager Reed Linn, Public Works Director Steve Rowland, Recreation Director Julie Noblitt, Police Chief Brian McCoy, Deputy Town Administrator Debbie Goodman, Administrative Assistant Heather Wood and Town Attorney Rick Locklear.

A quorum was met.

Mayor Dennis Brown re-opened the meeting and welcomed all those in attendance. He stated that they were here tonight to start the budget process.

Town Manager Reed Linn provided the Board with copies of the Town's financial statement for this quarter, which had been received from the accountant earlier that day. Tonight, they would be looking at the General Fund budget. Manager Linn stated that it was within \$50,000.00 of being balanced. The budget included the Town providing garbage service.

Manager Linn went over some of the highlights of the budget with the Board. He stated that one of the big concerns is healthcare—it was going from \$620.00 per month per employee to \$700.00. They were currently actively seeking other proposals. The current insurance the Town had was through the League. He went on to say the Town would also “be taking a hit” on workman's compensation. There would be an additional cost of \$14,000.00 due to the previous year's claims. The total the Town would be paying now would be \$88,000.00 and this policy was also held through the League.

Manager Linn concluded by stating that the proposed budget they had received for the General Fund was just a “starting place”. He said that he had spoken with several Board members and they had expressed a desire to not see taxes increased, but he had factored an increase into the budget just so the Board could see what it would take with what the Town currently offered as far as services went. Currently they were looking at a \$50,000.00 difference. It was simply a starting point.

Alderman Furr stated that he was not at the retreat, but he wanted to state that he would not vote for a tax increase; that things were simply “too tight” for people and times were just too hard. Regardless of what had to be cut from the budget, he would not vote for a tax increase; so without the tax increase the budget was actually closer to being \$150,000.00 short.

Alderman Hilton said that he agrees totally, he also did not wish to see a fee increase in Sanitation.

Mayor Brown inquired about the three new positions in the Police Department budget, asking if that was all in salaries. Manager Linn responded that it increased the salary line item as well as all benefit related line items.

Alderman Furr stated that he was not saying what he said to be political, that he felt it was simply the right thing to do; that it was not about politics it was about what the “average person can stand”. Alderman Hilton

stated that in his opinion, he could not see hiring any additional personnel and in fact could see departments losing personnel.

Alderman Hilton inquired who staff had contacted regarding healthcare. Manager Linn said they had been in contact with a citizen who worked with a well established firm. Alderman Hilton suggested that they contact Wells Fargo as well. Finance Officer Ginger Gibson commented that going with the firm they had been speaking with would save them \$30,000.00. Alderman Hilton asked if they would see “degradation in benefits”; Ms. Gibson assured him they would not. Alderman Hilton stated that he would have someone from Wells Fargo contact staff tomorrow. He also inquired as to the total number of employees with benefits. Ms. Gibson confirmed there were 39 employees with benefits and it would be going from \$620.00 per employee a month to \$700.00.

Alderman Furr inquired about fishing permits (for Lake Corriher). Manager Linn said the budget had been figured at 150 permits at \$250.00 each. They had not included weekend or day passes in that number. Manager Linn said they had also been thinking of establishing something like a wilderness camp area that groups such as the girl scouts, boy scouts, etc. could use. They would need someone to monitor the site though, whether it were an existing employee or new position.

Alderman Safrit stated that the Police Department was in trouble and things were only going to get worse and the Board needed to consider that and to not “take away” from emergency services. He went on to say he knew times were hard and it was hard on employees as well, but he proposed that the Board approve a tax increase because if they kept not increasing taxes they would end up in trouble.

Alderman Sloop said he did not wish to see a tax increase because everyone had been hit hard. Alderman Safrit stated that he had not said he wanted to see taxes go up but that he felt they had to go up.

Alderman Sloop asked about gaining more police officers through grants. Police Chief Brian McCoy stated that they had looked at some grants (the COPS grant for example) but they could be very restrictive on what the officer could actually do—for instance some would not allow them to do normal patrols.

Manager Linn stated that the budget also reflected the removal of the employee furlough day, but he could look into replacing that if the Board wanted, and that the budget also did not include any pay raises. Alderman Hilton that no government agency was giving raises this year.

Alderman Furr inquired if the furlough days had been problematic for employees. Manager Linn stated that as far as he knew it had been not and some employees even said that they like having the furlough day; most have adjusted their budgets accordingly. He stated that he had two employees complain, but they had cut back on some of their contribution to 401k and it had balanced out.

Alderman Furr proposed that the Town continue the furlough day for employees. He knew some people would say that the Board was “balancing (the) budget on the backs of employees” but he stated that they could be balancing the budget by cutting jobs instead. One furlough day a month would add \$72,000.00 to the budget.

Mayor Brown asked what the savings would be in sanitation if they went with a private company. Manager Linn said it was a minimum initial savings of \$70,000.00-80,000.00 (the exact amount would be uncertain until all bids had come back). Director Rowland had been in contact with other contractors, but they were hesitant to give bids until the Board had decided. Alderman Hilton commented that it was hard to decide without bids to look at. Director Rowland stated that they had two quotes, but not total bids. Ms. Gibson

stated that they had one come in lower than the company that attended the retreat, for the same services, which did include backyard pickup for those unable to roll their bins to the street.

Director Rowland stated that he knew the Board did not want to go with a private company, but it would improve the Town's recycling program and help to keep things out of the landfill.

Alderman Furr stated that staff had talked about the savings, which he still didn't think was possible, but assuming that it was he wondered why the Town could not work with another group to collect more and there form up its numbers as well—since the economy scale of private companies allowed them to operate with a profit. Alderman Hilton commented that then the Town began to compete with private enterprise. Alderman Furr stated that they could join with another municipality. Alderman Hilton stated that the costs were also based on loss of positions.

Alderman Furr stated that the sanitation employees also perform other duties and if they went with a private contractor, he could see two more employees being hired in streets to get the work done. Director Rowland stated that with three people in sanitation it would take them all week to pick up garbage with one truck (which is what is budgeted for 2011-2010).

Alderman Furr stated that right now collection was completed by Tuesday, which freed the workers up for other services. If it was being contracted out they would lose people, and he foresaw having to hire new employees to end up doing those jobs, which would negate the savings. Director Rowland stated there were currently enough people in streets to do everything; they were doing it now and kept everything very clean.

Mayor Brown asked Director Rowland if he felt the reduction would not hurt overall. Director Rowland stated that he didn't see where it would, not if garbage and recycling were contracted out.

Alderman Hilton inquired when they would need to purchase another (garbage) truck. Director Rowland stated that it would be "very soon"; the 1994 truck was on its "last legs" and the approximate cost for a new truck was \$250,000.00. They had just finished paying off the 2004 truck last year. Alderman Hilton inquired if a new truck would be in next year's budget. Manager Linn stated if it was needed, then yes.

Director Rowland stated that they were getting "pickier" at the landfill; if recycling was mixed in with trash; they were going to start refusing to let trucks dump—and at that point, what would the Town do? The companies that staff had been in contact with would take the garbage to Rowan County and the recycling they would sell.

Alderman Furr stated that his concern was they were moving numbers around and the first year it may work, but he thought in the second year it would "unravel". Alderman Hilton stated that China Grove had done this and they had no problems.

Currently the garbage collection rate for the Town was \$15.00 per month, with an average of 1300 customers, though it fluctuated from month to month. Alderman Hilton inquired if staff maintained that nothing would change at Public Works and everything would get done as it was done now if they contracted out the garbage service. Director Rowland confirmed that he did think they would be fine because they were doing it before when garbage collection took four days; he felt the department would be fine.

There was then discussion of the Town's mowing contract and about possibly adding other parcels to the service. Alderman Hilton stated that they could add the items and send the contract out for bids; it had been three years since bids were taken. He stated that they can add all the areas that needed mowing and see what

the bids came in at. He felt certain it would come in less than what was budgeted for employees to maintain the other areas not currently covered in the mowing contract. They could send the bids out on two levels— what was being done now and one with everything including the dams and the right of ways.

Mayor Brown suggested letting Manager Linn and staff makes the requested changes and then the Board could review the budget again. They advised Manager Linn to leave sanitation in the budget for now. Alderman Hilton commented that they needed firm numbers before they could make a decision.

The Board then discussed Recreation. Alderman Furr commented that if they looked at what the Town was required to do, things like administration and public safety (fire and police) fell into that category. However, with recreation they needed to look closely. He hated to do it, but the times were hard. Landis had never handled the ball programs before, the Mill Company always did. However, when the Mill Company went downhill, Landis had taken over the program. He wasn't certain how long the Town could continue to carry the programs. He stated that it's just like when looking at a personal budget at home: when things were tight, you paid for lights, food, etc but you would cut out the vacation.

Alderman Safrit agreed. He stated that when given the numbers on the pool, that was a lot of money and it would take a lot to even get it ready for the season.

Alderman Furr stated that the pool was a "sacred cow" in recreation; it has been a fixture since the 1950's. It was built and owned by the Landis Community Foundation until it was given to the Town in the 1960's.

Director Rowland updated the Board on the pool, stating that there was no void beneath the pool where the leak had been and the leak has been repaired.

Manager Linn stated that they could hire a company to run the pool, but the Town would retain ownership of it. This company also handled Irish Creek and other pools. They would run, pay all expenses and then provide the Town with a bill at the end of the year. Alderman Furr stated that he could not see how they could run the pool for less than the Town could, if the Town had a properly ran department. Alderman Hilton stated that it came down to overhead and that the government had been contracting things out for forty years because private enterprise can do more for less.

Manager Linn inquired if they would like to continue with the General fund Monday, or do all the other funds as well. Mayor Brown stated that if all funds were ready they could work on them then. Alderman Sloop also requested a comparison on all the budgets from last year to this year.

The meeting recessed at 7:58P.M.on Monday, April 12<sup>th</sup>, 2010.

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Heather Wood  
Administrative Assistant