

**April 19th, 2010
Recessed Meeting
Budget Workshop**

At 7:00 P.M., on Monday, April 19th, 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 12th, 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.

Town Manager Reed Linn presented the Board with an updated budget before going over some of the highlights which included no tax increases, the reinstatement of a furlough day for employees, no new fees, no new employees and projected revenue for fishing permits at Lake Corriher had been left in.

The electrical rate had been increased. This was due to the wholesale rate increase the Town was being charged, so they would simply be passing the cost along to customers. Additional debt service had been added in the Water and Sewer funds in the amount of \$208,000.00 due to the bonds. There was a \$400,000.00 increase in the Light Fund due to the planned 12kv conversions. There were no sewer rate increases, but the sewer meter fee had increased from \$11.00 per month to \$11.50. There would be a \$.15 increase on all tiers in water and the meter fee would also be increased from \$11.00 per month to \$11.50. When Salisbury provided how much of a rate increase the Town could expect, they would have final numbers on rate increases in the Water and Sewer funds.

In the Light Fund, they needed to discuss the “Renewable Energy Rider Program”. Currently, the Town was not charging anything for this and the budget did not reflect any charges. However, if the Board wished to pursue this, the charges would be \$.44 per month for residential, \$2.21 per month for commercial and \$31.42 per month for industrial. If this fee was instituted, the revenue would be increased by \$35,000.00.

Alderman Furr commented that in the future he would like to see “meter fees” called something else, such as access or service fees. He felt that people thought they were paying for their meters, not access. In the Light department it was called a “basic faculties fee”.

Manager Linn went on to state that the Board had said “no additional fees” therefore staff had not included fees for use of credit cards. The Town was paying approximately \$30,000.00 per year in credit card transaction fees. If the Board wished, staff could look into establishing a service fee for the use of credit cards, which would add \$30,000.00 in revenue, though it would simply “be a wash”.

Manager Linn stated that they had not heard back from all the companies they had contacted regarding bids for healthcare. If they decided to go with the company that had already been discussed, the Board could expect anything cut in the budget in the form of healthcare.

As of tonight, the budget was balanced in all funds, per the direction of the Board at the previous meeting.

Last year the overall budget had been \$9.9 million. The projected budget for 2010-2011 was \$10.3 million. The increase was in the Light fund (the 12kv conversions), and the Water and Sewer funds (due to the upcoming projects). The overall General fund budget was less than the previous year.

Mayor Brown inquired if staff had checked with other municipalities concerning credit card fees. Deputy Town Administrator Debbie Goodman stated that they had done research and some municipalities charged and some did not. Alderman Hilton commented that Charlotte-Mecklenburg charges and he inquired if currently the Town was just “giving away” \$30,000.00 (in transaction fees). Finance Officer Ginger Gibson commented that the fees average around \$6.00 per transaction. Larger bills have a higher fee associated with them. Currently, the Town had a \$25.00 minimum for credit card use; she commented that they could also raise the minimum. They were also getting new rates, which would hopefully reduce the yearly costs.

Deputy Administrator Goodman stated that a lot of people had been paying online and via credit card.

The Board concurred that they would like to see a fee established for credit card transactions when made online or via the phone. Mayor Brown said that he’s glad that the Town offers the service, but the fees the Town paid needed to be recouped.

Alderman Hilton stated that from the money saved in credit card fees, as well as the reduction on the health insurance costs, they would be able to eliminate employee furlough days. He had spoken to some of the “lower tier” employees and that while they had adjusted it was still a hardship. He also felt customers weren’t being serviced when they call on the 3rd Friday of the month and get the answering service. The Board agreed.

Alderman Safrit then commented on the matter of contracting out the Town’s garbage collection. He stated that the savings was “well and good” but since last Monday he had received numerous calls against this. Manager Linn stated that he had also received many calls, especially today, of those not wanting to see the service contracted out.

Alderman Furr stated that he had also received calls from those not wanting the service contracted out, but additionally he had also done a “cost comparison” and it was his finding that it would cost the Town an additional \$21,411 per year if they contracted out. He went over how he had reached these figures—stating that if they were only collecting garbage 2 days a week, only 40% of their salary should be in sanitation.

Alderman Furr went over the analysis in detail, stating that he knew it did not “make sense” how a contractor could come in and make a profit and the Town still save money. He felt with “good management” the Town could do it. He commented that we are “subsidizing streets out of sanitation”.

Alderman Safrit proposed leaving sanitation as it currently was. Mayor Brown commented that the budget they were presented had figured in the Town continuing to collect garbage.

Finance Officer Ginger Gibson commented that during the two days that garbage collection is done, it is not only employees in sanitation who are helping to pull garbage, they pull from the other departments. If they only used the sanitation workers, it would take the full five days to collect for the entire town. Director Rowland stated that with “seasonal garbage” the crew works all week long, but in the winter streets have “nothing to do”.

There was further discussion and Director Rowland maintained that three employees cannot collect all of the Town's garbage in a week. Alderman Furr stated that he had based his numbers off last year's budget and keeping sanitation was the "will of the people".

Alderman Sloop recommended that when they started to buy new equipment, they should purchase a truck with a mechanical arm and allow people to decide which service they wanted—backyard or rollout. Alderman Safrit stated that a new trend of rollout garbage had begun but some people would still want backyard pick up.

The Board then discussed the possibility of issuing permits to allow people to fish in Lake Corriher. Manager Linn stated if they wished to allow this, the Board would have to develop some guidelines. The Board was in agreement to establish permits for fishing. Alderman Furr commented that people were already fishing there, so they should legalize it. Alderman Safrit commented that they would be able to control it better. He also stated that there were a few areas there that would be very nice for picnics.

Alderman Sloop inquired when the water line with Salisbury would be paid for. Ms. Gibson responded that it would be paid off in May of 2012.

Mayor Brown inquired if there had been any indication from Salisbury as to when they would provide their new water/sewer rates to the Town. Manager Linn confirmed that they had not heard anything as of yet. Alderman Hilton inquired how much we were paying for sewer now. Manager Linn stated that it was \$502,000.00 per year, but generally went up each year. Last year there had been a 5-6% increase. Director Rowland stated that once they made the sewer system repairs they should see costs start to stabilize or even begin to come down.

Alderman Hilton stated that he knew staff had worked hard on the budget but he still felt the (revenue) projections were "rosy" and he felt they still needed to look at and cut more from the budget. It was his opinion that things would not be better next year and if they did not start cutting now, they would have to "slash" things next year. Alderman Hilton stated that recreation was "expendable" and they needed to look at and reduce costs there. He asked for thoughts from the Board and staff.

Manager Linn stated that there was a need for recreation, but that re-organization was a good idea. He stated that the Town does have recreation facilities such as the parks, pool, the new parks and the lake, etc. He commented that perhaps they could look at a transition from parks and recreation to simply parks. Alderman Hilton had asked after the operational costs of the pool. Manager Linn stated that the costs were \$47,000.00 which was a "good chunk" of the recreation budget.

Alderman Hilton stated that the proposed recreation budget for the upcoming fiscal year was \$286,000.00, \$239,000.00 if you took out the pool costs. In order to fund that, it would require a \$.09 tax rate increase.

Mayor Brown stated that he definitely thought a re-organization of the department was long overdue. He commented that he thought the days of playing softball and baseball in Landis was coming to an end. He said he didn't want to see it happen, but he didn't think they could avoid it. He liked the word re-organization because they had had the "guts" to spend \$25,000.00 on a master plan and to see that go forward they would have to have someone in place to direct things. He stated that they could get grants for the greenway, lake, etc and that he had a "soft spot" for the pool because it was part of the Town's history.

Alderman Hilton recommended that they ask staff to come up with a way to re-organize the recreation department that would cut the budget greatly and then present it to the Board. The Board was in agreement.

Alderman Furr commented that as far as he was concerned, the only “sacred cow” in recreation was the pool. He stated that softball/baseball was his favorite sport, but he felt it was a failing program that cannot recruit enough players within the Town’s limits to support it. They had to recruit outside of the Town’s limits, but the taxpayers of Landis had to fund it—this is what made it a failed program. Alderman Hilton agreed. Alderman Furr stated that he “hated it” but they could not continue to fund a program that was not working.

Recreation Director Julie Noblitt inquired if the Town would be willing to co-sponsor a ball league; to let an association the league with certain Town obligations and certain obligations by the civic group. She stated that she could check with other municipalities. As far as recruitment went, they had been short players this year so she had put up recruitment posters outside of Town at a heavy intersection. It had only been up for a short amount of time during the end of recruitment. Director Noblitt stated that they serve the community as a whole with the ball program and this was about the “bigger picture” and she requested to be allowed to look at ways to keep the program where it was not “fully the Town’s responsibility”.

Alderman Hilton stated that other Towns had “no issues” with civic groups handling the ball programs. He also had no problem with leasing the facilities, but could not see spending money on a program that was 80% non-citizens.

Mayor Brown stated that they had tried to make the program self-supporting but it had not worked and that fees had gone up and people claimed they were willing to pay them, but they were not. He felt re-organization needed to happen. He suggested having staff present two options: the first with no ball at all, and the second with the Town providing the fields, etc.

Director Noblitt stated that if they removed the ball program it would also affect the revenue side of things. The ball program had generated \$28,000.00 in revenue last year. She also stated there were a lot of “maintenance issues”.

Alderman Hilton stated that if the community wanted a ball program, someone would step forward and take it over, similar things had happened in other cities. Alderman Furr commented that there had been a ground swell of people before when the Board spoke of cutting out the ball program, and they had said they would step up, but no one had.

Director Noblitt asked if the Board wanted her to pursue the bigger picture—such as dance classes, festivals, etc. because she would need to know. Alderman Hilton inquired about participation. Alderman Sloop said the fall event had very good participation. Director Noblitt stated that special events had good turnouts. Mayor Brown stated that it shows that is what citizens wanted to do; he would rather see the Town focusing on these types of special events. Alderman Safrit commented that anything organized downtown by recreation people would come.

Alderman Hilton stated that staff needed to look at recreation very closely and think about serious cuts and re-organization. He wanted to see staff return with plans and options for the department. Mayor Brown agreed, stating that “something has to change”. Alderman Hilton also stated if the Town had the chance to lease the pool for someone to run like they did in Kannapolis, they may want to look into it. He stated that it’s a “huge expense” and it would be good to move it to someone else.

Mayor Brown recommended giving staff a week to review and pull together various options.

The Board also agreed to establish a renewable energy rider. Alderman Furr stated that it was “almost a given” and the Town had to do it.

The Board agreed to re-open the meeting Tuesday, April 27th, 2010 at 5:30pm.

The meeting recessed at 7:56 P.M. on Monday, April 19^h, 2010.

Heather Wood
Administrative Assistant