

**February 22nd, 2018
Budget Workshop**

At 5:15pm, on Thursday, February 22nd, 2018, in the Board Room of the Landis Municipal Building, Mayor Mike Mahaley called to order the Town of Landis Board of Aldermen Budget Workshop. Those present along with Mayor Mahaley were Aldermen Tommy Garver, Bobby G. Brown, Tony Corriher and Seth Moore, Town Manager Reed Linn, Public Works Director Ron Miller, Police Chief Kenny Isenhour, Deputy Town Clerk Debbie Goodman, Finance Officer Ginger Gibson, Administrative Assistant Heather Wood and Town Attorney Rick Locklear.

A quorum was met.

Mayor Mahaley opened the meeting and welcomed all those in attendance.

The pledge of allegiance was then led by Mayor Mahaley.

The purpose of the meeting was to discuss the upcoming 2018-2019 budget. Manager Linn provided the Board with the financial statement of the first six months of the current budget as well as a list of the loans/leases/payments that have to be paid out of the budget. It was approximately \$3,645,000.00 yearly all totaled. This total also includes the power bill (approximately 1.6 million) and the water and sewer bills. Kannapolis is the sole provider of water to Landis now.

There was some discussion of the various loans and Alderman Garver requested a breakdown of the total debt owed by the town, and the payoff dates of each loan, etc.

There was some discussion of the construction at Irish Creek. They hoped to start Phase II in 2019. The subdivision was split between Landis and Kannapolis, construction would begin on the Landis side first, and Landis would be providing all utilities.

Manager Linn then went over some of the Board and Staff goals for the 2018-2019 budget.

In the Light Fund:

Staff was reviewing the current electric rates and right now everything “is a mess”; between the summer and winter rates, there were 18 different rate structures. Manager Linn stated that Staff recommended reducing that to three rates: residential, commercial and industrial. There was some discussion about the rates, and the fact that most Electricities entities do their rate structures that way.

Also, the Town was ready to provide service to the existing subdivisions of Irish Creek and the Oaks; the Board would see a lot of building going on in both subdivisions in the coming years. The Oaks was entering Phase III, which included twenty new homes, and right now there is enough infrastructure in place but the Oaks was planning on an additional 100+ homes. They also had an additional 42 acres they were going to develop with a minimum of 65 homes.

For Irish Creek, the plans included 400 homes, just on the Landis side; the other homes would be in Kannapolis. Manager Linn stated that the Town needed to start planning for that now.

Upgrades to the substation: Public Works Director Ron Miller stated that the regulators that handle load, voltage, etc. was about 30 year old and the Town's engineer had recommended getting a plan in place, to hopefully do one circuit per year. Each regulator cost \$10,000.00. There was currently one bad regulator, but if needed it can be bypassed, but that means it delivers unregulated voltage, which is more noticeable in three phase. The current regulators had been installed in the mid-80s.

Electric Underground Tester ("Thumper"): the current Thumper that the Town had is broken and outdated and the Town had been borrowing Huntersville's. It was used to find issues in underground lines. To purchase a new one would be approximately \$30,000.00. The Town was installing more and more underground lines, especially in subdivisions. Without a Thumper, it was much harder to find issues when circuit is lost in the underground lines. There was some discussion.

They were also looking to replace two pickup trucks in the Light Fund – a 2001 and 2002 F10 50s. Both vehicles had a lot of wear and tear, and it would take \$3,000.00 to rebuild one and it was just a matter of time before the pair were totally out of commission. The state estimate for new vehicles would be \$30,000.00 a piece because they would need to be 4 wheel drive. There was some discussion and it was confirmed that some manual reading of meters was necessary because there were some that can't be reached or are A-base, etc.

Alderman Corriher stated that putting in the autoread meters had not saved the Town any overhead. Director Miller stated that it had saved the Town because now there was only one employee needed to do readings for one day, where before it used to be two employees over a two week period, every month. That extra person was now part of the street crew, which only had five employees.

There was some discussion regarding the changing out of A-base meters at the customer's expense.

The Water Fund:

Staff had looked at the current rates of both funds and stated that they had not been raised since 2016. However, if the Board chose to move forward with the planned improvements, they would need to be adjusted \$.05-\$.10 per tier.

Manager Linn had some discussion with Mayor Mahaley and Alderman Garver, but nothing was definite regarding the project; it was, however, ready to go out to bid. Manager Linn stated that the Mayor was concerned the project will tear up Main Street after it had already been paved by the State. It was clarified that the old line was located under Main Street, but the new one would be under the sidewalk.

Additionally, Staff had met with the engineers and if the work was done after the paving, they would use all rubberized equipment so that nothing would tear up the road.

Alderman Brown inquired if this was the project the Board had already voted to do and Manager Linn confirmed it was, he just wanted the Board to be aware they will have to raise rates. There was some discussion about what this would mean regarding sidewalks as well.

Manager Linn stated that the rate Staff would be proposing would be a break-even rate, but the Board could decide to raise it higher if they wanted. There was some discussion about the Kannapolis rates and how the rates had been handled badly in the past. It was also noted that even at the highest rate from Kannapolis, it was still \$1.00 lower than Salisbury.

Floyd Street elevated tank: this provides Landis with water and Kannapolis had asked for help funding \$5,000.00 over three years. They were working on an aerator for the tank, which keeps water from getting stagnant. There was some discussion and Director Miller pointed out this would pay for itself because the Town would waste less water flushing lines.

Adding a second pump station for treated water: Currently, there was only one pump station on N. Chapel right now and if they had to switch back to Salisbury in case of emergency, it would take two days. There needed to be two points of entry from Kannapolis. There had already been preliminary discussions with Kannapolis and this was something that would be coming in the next two to three years. There was some discussion.

Elevated tanks: When the Corr-Linn dye plant closed, the Town had taken one of the two tanks out of commission. It could handle 300,000 gallons per day. The elevated one that is currently in service only holds 100,000 gallons and the tank fluctuates up and down depending on demand. If the tank has to be taken out of service for any reason, the Town has to rely on the pumps from Kannapolis. Staff suggested that in the future the Town may want to consider a second tank.

There was some discussion about where a new pump station would be located.

The Sewer Fund: There would be upgrades needed for the Highway 29 lift station to accommodate the growth in the Oaks of Landis and the Highway 29 corridor. That area used to be all manufacturing, but it had now become a lot of residential, which uses a lot more sewer than manufacturing does. There was some discussion of the matter, including force mains. The engineer had looked at the existing lift station and was working on a plan to fix it. Director Miller stated that a study had been done several years ago and without upgrades they would not be able to continue with further expansions.

To build a better lift station they would need to upgrade the existing main. Staff was reaching out to get multiple designs to solve the problem, but as of right now there was no concrete solution. Manager Linn stated that a very rough estimate on cost would be around 1 million. There was some discussion.

Investigate another source for wastewater: Mayor Mahaley stated that the wastewater (bills from Salisbury) got worse every year and that they were currently in contract with Salisbury. The cost was 4 to 1 over what they were paying to purchase water. Manager Linn stated that the Town had a forty year contract with Salisbury that would expire soon; he also pointed out that there was no maximum or minimum built into the contract. Mayor Mahaley stated that he had spoken with Kannapolis about handling Landis' wastewater when they were negotiating the water contract they had not been ruled out as an alternative. He would like to have staff talk with Kannapolis' public works department to see if it's

even possible, or if they would be interested, because they needed to know before moving forward. There was some discussion. Alderman Brown stated that he would like to see Staff run with Mayor Mahaley's idea. The Board instructed Staff to speak with Kannapolis.

Alderman Garver asked what the Town's current (water and sewer) connection fees were. Manager Linn confirmed they are \$2,000.00 per service, so \$4,000.00 total.

Manager Linn also reminded the Board that \$65,000.00 in engineers' fees and permits, etc. had already been expended and if they decided not to continue with the water project, the Town would still have to pay those fees. Alderman Brown stated that he felt they needed to move forward with the project. Mayor Mahaley stated he just wanted the Board to have the information. Manager Linn stated that some members were reluctant to incur more debt.

There was some discussion of how much Landis' "neighbors" charged for water and sewer connection fees. Manager Linn stated that he would find out.

The General Fund:

Manager Linn reminded the Board that the General Fund consisted of Administration, Police, Fire, Parks & Recreation, Sanitation and Streets. Tonight, they would only be discussing Streets because there were no other capital project plans in the other departments.

Street paving program: Manager Linn stated that the Board had shown interest in starting a paving program for the streets in Landis. They had gotten estimates for 2 blocks of West Davis Street and three blocks of West Sixth Street. Just for those five blocks it would cost \$120,000.00. There was some discussion.

Manager Linn stated that the Town received approximately \$100,000.00 in Powell Bill funds every budget year from the state.

There were several options to pay for a street paving project:

- Implementing a vehicle tax
- Increasing the (property) tax rate
- USDA funding – they do fund street projects, with a cap at 40 years
- General obligation bonds – citizens would vote on those

The Board could choose to pave all of the problem streets in Landis at one time if they decided to pursue a large loan; or they could do sections at a time as each year's budget allowed. Manager Linn stated that they could use Powell Bill funds to pay for the loan payment if they decided to go that route for paving. However, Manager Linn stated he did not recommend that because the Powell Bill funds also took care of many other things in the Street department such as sidewalks, signage, snow removal, etc. There was some discussion of the options.

Mayor Mahaley stated that this was a very important issue; he and Alderman Garver had campaigned on it. He stated that he had watched nothing being done with the condition of the streets in the last ten years

and he felt it was a shame as most of the Town's streets were in disarray. He stated that the current Board needed to step up and do this for the citizens of Landis and they had several viable options. He felt that the vehicle tax would be a good option because many of the citizens of Landis did not own property, and a vehicle tax would spread the cost out because everyone, not just property owners. It would be an opportunity for everyone in Landis to participate.

Alderman Brown inquired how much revenue a \$.01 tax increase would generate. Finance Officer Ginger Gibson stated it was approximately \$25,000.00. Alderman Garver inquired if the vehicle tax would come in the tax bills sent from the county. Deputy Town Clerk Debbie Goodman stated that it would come on the property tax bill as a separate fee, but she would contact Rowan County to get more details. Manager Linn stated that two other cities in the county (China Grove and Kannapolis) had vehicle taxes and if this was something the Board wanted to do, they would need to decide at their next meeting so that the tax office can prepare. There was some discussion.

There were 23 and half miles of streets in Landis. Mayor stated that he would like Staff to get prices and move forward. The Mayor, Alderman Brown and Alderman Moore agreed. Manager Linn asked for a direction as far as funding, wanting to know if they were thinking of using a USDA loan. Alderman Brown stated yes and also a vehicle tax to fund it. Manager Linn also pointed out that Powell Bill funds and vehicle taxes can only be used for street improvements, by law.

Alderman Garver felt they needed to wait until they meet with the auditor next week because he was concerned there was 1 million less in the surplus than the previous year.

Manager Linn also stated that while they were getting \$100,000.00 per year in Powell Bill funds right now, they needed to be prepared that in the future that could drop down to \$50,000.00 and what would they do for funding then. Alderman Brown stated that was why he felt it was best to use a vehicle tax to do the bulk of the funding.

Manager Linn stated that he would get more specific information on paving.

Replacing leaf machine: A new pull behind machine would cost \$80,000.00-\$90,000.00 and would require a dump truck to pull it and two to three employees to man it; a leaf truck would cost \$300,000.00 but would only require one man to operate it. Those were the two options. Alderman Brown stated that he thought the leaf machines were new. Director Miller stated that they were 80s models. Manager Linn also pointed out that a leaf truck would also be able to do stormwater cleanups, etc. There was some discussion of leaf cleanup.

A few more items for the Board to consider included:

- COLA (cost of living adjustment) and merit raises
- Ground storage
- Expiration of the mowing contract
- Pavilion/play swings

A COLA raise was straight across the board for all employees while merit raises would be per department with a cap, based on individual merit. Not every employee may be subject to a merit raise.

Ground storage: There was a 1 million gallon ground storage tank at Public Works and they needed to decide what to do with it. If the decision was to tear it down, they would need to make sure it would not be needed for homes on the west or south side of town. Manager Linn stated that he wanted the engineer to look at it to be 100% certain. He stated that Director Miller had some prices on demolition; some were reasonable, some were not. If the Board did decide to go the demolition route, they would send it out for sealed bid. Mayor Mahaley stated that it was an eyesore and that when he was first elected he said that they needed to do something about it; so they needed to find out if it was needed or usable. He stated that they either needed to take it down and put lights and a door on it, paint it and use it for heavy storage. There was some discussion.

Pavilion: Mayor Mahaley stated that he gets calls about the (missing) playground equipment at the pavilion. He stated that it was taken down because it wasn't feasible. Also, there had been some work done on it, but it was getting worse and worse and that they needed to do one of two things. 1) enclose it with a fence and start to use it again, which might provide a little income and it is of no use right now. There was some discussion. Mayor Mahaley stated that he would like to see swings put in over there and the Board needed to listen to the people who vote. He had received numerous calls about putting in swings, which is an inexpensive solution. It would make that side of town happy and no one likes messes in their neighborhood. 2) If the Board was not interested in doing anything to the pavilion, then they needed to enclose the sides and turn it into storage. Right now the structure was just an eyesore. There was some discussion about the tennis courts, and the fact Baker's Creek Park had very nice courts.

Alderman Brown stated that if they were not willing to spend the money to make it a top notch attraction, they should just turn it into storage. There was some discussion about the passive park. Alderman Brown stated that either idea was fine with him, though his preference was to turn the pavilion into storage.

Mowing Contract: The mowing contract would expire this year and Manager Linn stated that he had various conversations with the Mayor regarding bringing mowing back in house. If the Board decided to go this route, the Town would have to buy all the necessary equipment and the employees handling it would take care of all of the Town's landscaping needs, some of which were not currently part of the mowing contract. Alderman Brown inquired as to how many people this would require. Manager Linn stated that the current contractor hires three people to help him, so four total. The cost of the contract was \$50,000.00 and it expired on June 30th, 2018.

Mayor Mahaley stated that he had no problem with the current contractor, but that we actually paid more than the contract cost because the contractor did not do all of the mowing/landscaping around Town. There was some discussion, including mowing at the wilderness park. He stated that it was not about saving money, but he thought the Town would be well suited to do the mowing in house; Landis did its own power, water, sewer and streets, so why not mowing as well?

Manager Linn reiterated that if the mowing was brought in house, the employees assigned to that would do all of the mowing and landscaping in town, including at the Lake Corriher Wilderness Park.

Director Miller stated that right now they have to take employees off the streets crew to do leaves as they do not have a crew just for leaves; public works has to pull from all departments to get things done. There was some discussion. Alderman Garver asked if the mowing could be done in house for the same money. Manager confirmed it could not be done for the same price; just for two employees it would be \$84,000.00 per year for salaries and benefits, and that did not include the cost of equipment.

There was some discussion of what the current contractor was responsible for mowing as well as the mowing of the ballfield. Mike Wallace now owned the ballfield, and Manager Linn stated if the Board wished to stop mowing that ballfield, they would need to vote to terminate the lease.

Manager Linn stated that there are many projects, and Staff will not get revenue projections until mid-March. It was his recommendation to consider dates for the next budget workshop at their March regular meeting. He wanted to know what direction the Board wanted Staff to go in and they will proceed accordingly. He wanted to know if the Board wanted to move forward with their sewer concerns and the water project, or did they want to hold off until their regular meeting.

Alderman Brown stated that they should move forward with the water project, but Alderman Garver wanted to wait until they met with the auditor. Alderman Brown insisted they needed to move ahead and Mayor Mahaley stated that he did not disagree, but Alderman Garver wanted to wait.

Manager Linn told the Board if they had any questions to please come by City Hall and ask.

Alderman Brown motioned, seconded by Alderman Corriher, to adjourn the meeting. All voted aye.

The meeting was adjourned at 6:58pm on Thursday, February 22nd, 2018.

Heather Wood
Administrative Assistant