

**March 27<sup>th</sup>, 2018  
Budget Workshop**

At 5:15pm, on Tuesday, March 27<sup>th</sup>, 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 stated that everyone had been working hard and that they were almost finished with the General Fund. He reminded the Board that this was a workshop and Staff needed input because there were some “impossible goals”. He explained that the Town has six enterprise funds which operate as individual businesses. There was some discussion of how the funds operate. Money could not be moved from fund to fund, each has to stand on its own. He also provided the Board with the financial statement for period ending January 31<sup>st</sup>, 2018. There was some discussion of the financial statement.

Manager Linn then went over the Town’s total debt service, which was approximately \$8,588,631.00. Water, Electric and Sewer bills, as well as lease payments, were not included in the debt service total. There was some discussion and Manager Linn clarified that the LGC frowns upon transferring money from the Water Fund to the General Fund.

The water line to Salisbury will be paid off in 2019 so the Town would be able to use the money that had been going to that payment to help pay for the water project that was about to start. Therefore, the payment for the new water project, as well as for the greenway, were not included in the budget because they had not been finalized and/or approved yet.

The Town is able to transfer a certain amount of money from the Light Fund to the General Fund.

There was also brief discussion about the payments for AMI ending in 2021.

Alderman Corriher stated that China Grove was not doing the greenway and he thought the Town should back out. Manager Linn stated that it had already been done. There was some discussion of the greenway. The greenway project would be a construction loan, Finance Officer Ginger Gibson explained. The Town would pay and then the state would reimburse. There was more discussion and a reminder that the greenway was (at best) still a couple of years away.

The tax base had increased from the previous year, which would show additional revenue of \$16,500 over the 2017-2018 budget, if the Board did not raise taxes. However, Staff had looked into all the items that the Board was interested in doing and the additional \$16,500.00 would not cover that. If the Board did a \$.05 increase, it would generate an additional \$144,109.00 in tax revenue.

Also, Staff had investigated a vehicle tax. The maximum amount that could be charged is \$30.00 per vehicle. There were an estimated 3,430 vehicles in Landis, which would generate \$102,900.00 charging \$30.00 per vehicle.

Another thing the Board had asked Staff to look into was a COLA raise. This would add \$46,000.00 to expenditures. This was only for employees funded through the General Fund, not Lights, Water or Sewer, etc.

To bring mowing back in house, it would require a two person crew for mowing at approximately \$88,000.00 (which included salaries and benefits for both employees). Additionally, equipment would cost another \$35,000.00. A new leaf machine as also needed, which would cost approximately \$350,000.00 (broken down to yearly payments of \$56,000.00 for seven years).

There was also an additional \$30,000.00 needed for park and pool staff. Mayor Mahaley explained that it wasn't really an increase because the Town would be providing staff at the pool instead of the Swim Club to sell tickets and concessions. Manager Linn stated that they had negotiated their contract with Swim Club to make this change, which would be more cost effective for the Town.

There was some discussion of staff at the Wilderness Park. One person could not be at the office all the time and also clean around the park at the same time.

Alderman Brown inquired if the two employees on the mowing crew would be able to do other things as well, such as helping at the Park. Manager Linn stated they could, if they were not needed at Public Works. There was some discussion of mowing and what all needs to be mowed. There are approximately 250 acres that must be maintained. In the off season, Director Miller can use them as necessary for other things. However, Manager Linn did not think during mowing season they would have any time to work on other projects.

Mayor Mahaley and Alderman Brown disagreed. There was some discussion of the areas that have to be mowed, and how it would take two people and that there were a lot of areas those two employees would handle that the current contractor did not.

Mayor Mahaley stated that he knew this would not be a savings, and the current contractor does a wonderful job, but this way the Town can do everything in house.

Alderman Brown inquired about part time work at the park office. Manager stated there were currently four part timers. Alderman Brown asked if they would be adding more people. Manager Linn explained that currently they had one manager who works until 5:00pm Monday through Friday, with a part timer then working until 8:00pm. On the weekends, there was one person on duty and if they have to go help someone out in the park, they have to lock the office up because they cannot be in two places at once. Mayor Mahaley stated that they needed someone at the office at all times. There was some discussion.

Manager Linn clarified that this wasn't just for employees at the park, it also included part timers for the pool. They would only be scheduled for a certain amount of hours and would have no benefits.

Alderman Garver stated he wasn't sure that a leaf truck was a priority. Manager Linn stated that they had not looked at the other funds yet. They would be meeting with Electricities tomorrow about

restructuring of the electric rates. Alderman Garver stated that he knew the Light and Sewer Funds were losing money and they needed to look at them and prioritize items.

In Streets, Manager Linn stated they had been getting prices in as late as today. The prices only included asphalt at this time, it did not include the costs of milling the streets. There was discussion of the streets most in need of repair, per the study the Town had commissioned several years ago. He reminded the Board that the Town receives \$100,000.00 per year from the Powell Bill Fund which can be used for paving streets. There was also Powell Bill money from previous years that was part of the overall Fund Balance, though Finance Officer Gibson cautioned using too much of that without replenishing because the LGC wants the Fund Balance to sit at a certain percentage. There was some discussion.

Manager Linn also stated that Director Miller would still need operating capital for clearing snow, streets, signs, etc., which is generally paid for with Powell Bill Funds.

Mayor Mahaley inquired what the feelings of the Board were concerning a vehicle tax. Manager Linn also pointed out that the tax does not have to be \$30.00, it was simply the most they could charge. Alderman Moore stated that if they took from Powell Bill money from the Fund Balance, then next year they would need to do nothing so that the amount could be replenished. He stated that he was not against the vehicle tax. Manager Linn stated that China Grove and Kannapolis also use a vehicle tax, one charges \$15.00, the other charges \$10.00. Alderman Brown stated that he was also in favor, but perhaps they could do \$10.00. Alderman Garver stated he was not in favor of doing a vehicle tax and property tax increase at the same time. Alderman Moore stated he agreed with that. Mayor Mahaley stated that citizens would understand a property tax increase better than establishing a vehicle tax.

Alderman Garver stated that he was also worried with the rates in Lights and Sewer going up this year, as well as the property tax, that he hated to also add a vehicle tax. Alderman Corriher asked if renters pay vehicle taxes. Alderman Brown stated that the vehicle tax is the only “fair” tax because everyone has to pay it, not just homeowners. Alderman Corriher said he would go along with a vehicle tax then, but he would not vote for a property tax increase. Manager Linn also reminded them that vehicle tax revenue could only be used for streets. There was some discussion.

Alderman Moore stated that he felt using Powell Bill money was better. Alderman Garver stated that they needed to do one or the other – property tax increase or vehicle tax – but they shouldn’t do both in one year. Alderman Corriher reiterated he was okay with a vehicle tax, but not increasing the property tax rate. Manager Linn stated that with a property tax increase they could use it for landscaping, etc., then they could do a vehicle tax next year perhaps. There was some discussion.

There was further discussion about paving streets and the cost. If estimates came back a lot higher once milling was included, they could reexamine things. He assured the Board that they had to get a final price and bring it before the Board before anything would actually be decided upon.

Manager Linn stated that they were still \$112,000.00 short in the General Fund, which included a COLA raise, equipment and part time recreation employees. Alderman Garver inquired if they could take the leaf truck off. Manager Linn said they could, of course, but to keep in mind both trucks are around 25 years old. There was some discussion concerning a leaf truck versus a pull behind leaf machine.

There was also some discussion of the surplus police vehicles that had been donated to Spencer.

Alderman Corriher stated that he wanted anything over \$5,000.00 to be handled with a sealed bid when it came to new equipment.

Alderman Brown stated that the leaf machine, etc., could be handled by increasing the property tax. He felt this was the way to go as they would have to raise it higher to get everything done.

Mayor Mahaley stated that they should go with a pull behind leaf machine. Manager Linn stated they had tough decisions to make. Director Miller stated that parts for their current machines were becoming obsolete. There was some discussion.

Manager Linn stated if they went to a pull behind instead of a truck, they would then only be \$73,000.00 short, which approximately another \$.03 tax increase. Alderman Brown felt the Board should do that, as there had not been a property tax increase in several years. Alderman Corriher asked if Director Miller was saying the leaf machine wouldn't last another year. Director Miller stated that he was not saying that. Mayor Mahaley stated that the Board could make a commitment to get a new leaf machine in the 2019-2020 budget year. Manager Linn stated if they do that, they would then be short \$55,000.00, which would be a \$.02 tax increase. Alderman Brown was in favor of doing that. Alderman Corriher told them to keep looking. Alderman Brown countered this was the easiest way to handle the situation. Finance Officer Gibson also reminded the Board that these weren't "true numbers" until they got the revenue projections from the League. There was some discussion regarding raising taxes.

Mayor Mahaley stated that he did not want to raise taxes, but they also needed to bite the bullet. Manager Linn stated they would be getting revenues within the next few weeks. If the Board agrees to a \$.07 property tax increase and the revenues make that much unnecessary they could revisit it. They were not voting on a property tax increase tonight, simply advising staff which direction to go in. There was some discussion.

Alderman Garver stated that they were over budget in salaries and needed to address that. He stated that every department is over. If the Board approves a 3% COLA raise, they need to control overtime; it is a management problem. Manager Linn stated he had already had discussions with Mayor Mahaley about how to change that and they were looking into it. There was some discussion.

The Board decided to wait until their next Regular Meeting to decide a date for their next budget workshop.

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

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

The meeting was adjourned at 6:51pm on Tuesday, March 27<sup>th</sup>, 2018.