

Zebulon Board of Commissioners
Work Session
Minutes
April 18, 2012

Present: Robert S. Matheny-Mayor, Curtis Strickland, Beverly Clark, Roy Collins, Dale Beck, Don Bumgarner, Rick Hardin-Town Manager, Lisa Markland-Town Clerk, Mark Hetrick-Planning, Emily Lucas-Finance, Tim Hayworth-Police, Chris Ray-Public Works, Sidney Perry-Fire, Eric Vernon-Attorney

Mayor Matheny called the meeting to order at 7:00pm.

APPROVAL OF AGENDA

Commissioner Clark made a motion, second by Commissioner Collins to approve the agenda. There was no discussion and the motion passed unanimously.

OLD BUSINESS

A. Police

Ordinance 2012-32—Amendment to the Downtown District Parking Requirements

Police Chief Tim Hayworth presented that they were proposing that the parking requirements be amended to allow for two hour parking in the downtown district of the Town. He stated that at a previous meeting the Board requested that someone from the Police Department go to a meeting of the Downtown Overlay Committee and discuss the topic with them. The committee, businesses and committee chair Mike Weeks were there and spoke in favor of the proposed parking requirements. The only change they asked for were that the times be between 8am-6pm Monday through Friday and all town holidays.

Commissioner Beck asked about enforcement. Tim stated that it would be enforced on a complaint driven basis. If someone were to call and complain then an officer would mark the tires of the vehicle and see that they did stay parked for an excess of two hours and then they could be ticketed. Tim Hayworth tried to explain that they wanted it to be an educational process and that people would voluntarily comply with the ordinance.

Commissioner Strickland made a motion, second by Commissioner Beck to approve ordinance 2012-32. There was no discussion and the motion passed unanimously.

NEW BUSINESS

A. Finance

Ordinance 2012-35—Budget Amendment for the purchase of email server

Lisa Markland presented that the email server that was currently in use was approximately eight years old and was beginning to fail. The server was operating intermittently to the point that people were not able to do their jobs effectively and especially the remote locations like the fire department, community center and public works were not able to access the server to a point that the server was down more than it was up and running.

Board of Commissioners

Minutes

April 18, 2012

Lisa stated that several different things had been done to try to fix the problem without replacing the unit at a cost of \$600 but none of those things worked. The replacement of the server should take care of the problem and get everyone back up and running.

Mayor Matheny asked if the proposal was to take the money from fund balance. Lisa stated that was correct.

Commissioner Beck asked what the cost would be for the server. Lisa explained it would be \$11,400 which covered the \$600 already spent, the purchase of the equipment and the installation. Emily Lucas explained that it had been in the budget but was removed when the funds from GSK were amended.

Mayor Matheny asked if the IT people thought that replacing the server would fix the problem. Lisa Markland said that was correct that they did feel that replacing the server would fix the problem but she stated that there was never a guarantee. Lisa stated that staff had a great deal of confidence in the IT company and that they had been with the Town for at least 16 years.

Commissioner Beck made a motion, second by Commissioner Clark to approve ordinance 2012-35. There was no discussion and the motion passed unanimously.

Budget 2012-2013—Preview of staff recommendations

Rick Hardin stated that the preliminary budget staff was bringing forward was one of the most difficult to put together. Some things that contributed to the problem were the flat economy, the drop in census numbers and the continued loss of development.

The drop in census numbers cost the Town \$145,000 which was about 2¢ on the tax rate. Staff took a very hard look at what was requested by each department in the operating budget and those numbers were reduced by \$142,000 prior to being presented to the Board for consideration.

Emily Lucas gave a PowerPoint presentation to the Board. The recommended revenues were at \$7,068,700 which was a decrease of 9% from 2011-2012. The tax base was \$762.7 million which would be a decrease of 4% or \$28.4 million. Real property increased only 1% while business personal property decreased 25%.

The current property tax rate of 50¢ would generate \$3,643,000 and staff was currently recommending 2.5¢ tax increase to .525¢. The current 7¢ set aside to cover the debt service and operations of the municipal complex was not sufficient to cover those costs.

Staff was proposing a new debt service for the Zebulon Community Center roof replacement and wall repairs, the Zebulon Community Park ballfield light project and the Public Works fuel system. The LGC would have to approve the projects and would want to see that revenue was being generated to support the new debt service.

Sales tax distribution was down 13%, there was a projected increase for next fiscal year of 3% which would be equivalent to what the Town was receiving in 2005. Hold harmless funding was scheduled to end in FY 2012 unless the legislature were to grant an extension. Utility franchise tax was down 6% since it was a mild summer and winter. Investment earnings were projected to

Board of Commissioners

Minutes

April 18, 2012

remain at a quarter of a percent and just to put that in perspective four years ago the Town was generating \$150,000 on the money sitting in the bank and currently the Town was generating about \$25,000. Powell Bill was down 14% due to drop in census numbers but it was projected to increase about 3% next year.

Zoning fees were not projected to increase; garbage fees were projected to increase by about a dollar and that would cover the next three years of the contract. Stormwater fee for residents would decrease by 24¢ per month, and then nonresidential rates would be on a sliding scale to cover the capital and operating cost for the stormwater department. Recreation fees were not proposed to change.

The operating budget was projected to be \$6,657,500 which would be a 1.5% decrease over last year and the goal was to keep all the facilities open and operating at current levels and to keep all staff at current levels. Insurance premiums were budgeted to increase, as were fuel costs, utilities and contract services.

Cuts in the operating budget included in personnel would be a temporary change in the merit system to be that employees could get a one-time bonus not to exceed \$500 based on the annual evaluation. One year suspension of pay increases for board members and retired LEO separation allowance, there would be no contribution to the flexible spending accounts as of January 1, reduction in the cell phone stipend, reduction in part-time funding in all departments, reduction in travel and training for all departments and the Board, reduction in meals and dress uniforms for firefighters and volunteers.

On the operating side there would be no maintenance on weekends for the fountain; reduction in maintenance on the Hwy 64 median, municipal complex grounds, contracted cleaning schedule for all buildings; elimination of the HVAC contracts for the old buildings, delay the purchase of equipment for the SERT team in the police department, delay the purchase or lease of copiers at town hall, look at the non-profit contributions, sell surplus vehicles as well.

Service cuts would affect the Tree City USA program, eliminate the Festival on the Lawn, reduction in scope of Zebulon Night Out, open the community center one hour later and close it one hour earlier making the hours of operation 7am-8pm. Eliminate the newsletter sent out in the mail and go to an electronic version that people would be able to sign up for.

Capital projects and debt service proposed in the budget would be \$389,900 which would be a 30% decrease from fiscal year 2012. There was a long list of items that were requested to be on the CIP but were narrowed down significantly. Those that were still proposed for the 2012-2013 fiscal year were as follows:

- replacement of the roof and wall repairs at the Community Center
- replacement of the fuel system at Public Works
- replacement of the ballfield lights at Community Park

all of which would be financed over six years and \$60,000 would be used out of the facility capital reserve fund.

Board of Commissioners

Minutes

April 18, 2012

- replacement of the 500 gallon tank on engine 91 to a 1000 gallon tank would be done to extend the life of the vehicle and allow it to be used in more situations
- Shepard School Road sidewalk from the Boys & Girls Club to the middle school would be done with the CDBG grant and 20% of Powell Bill funds
- replacement of the 15 year old street sweeper

There were quite a few projects that were either removed or delayed from the CIP and they totaled approximately \$413,750. The total budget for the Town would be \$8,465,100 for the next fiscal year.

The fund balance percentage was estimated to be at 72% by the end of fiscal year 2012 and would be down to 63% at the end of fiscal year 2013 if all \$611,000 proposed in the budget were to be used.

Water and sewer rates would increase by 7% and the average customer would see an average increase of \$6.31. The total customer impact, for an average single family home in Zebulon, with all the changes proposed including a 2¢ tax increase would be a monthly increase of \$9.79.

Commissioner Bumgarner asked what the debt service for the three major projects in the CIP would be. Emily said that that they would borrow \$677,000 and the annual payment would be \$129,700 and that would be assuming a 4.5% interest rate for six years.

Mayor Matheny expressed his concern to be borrowing during the difficult times that were at hand and ahead for the Town. Emily said that was why a tax increase was proposed and to keep the facilities running the projects needed to be done. They represented structural issues as well as safety issues. She continued by stating that if the projects were not done the Town ran the risk of having to close the facilities and lose the revenues that were being generated by them. The Mayor said he was still concerned about spending money when things were as tight as they were.

Commissioner Beck asked about the cost to do the projects individually and thought that the Town had substantial money invested in the Community Center and it needed to be fixed. The fence at the Community Park might be something that could be delayed but didn't want there to be electrical current going through the fence that caused harm to anyone. Mayor Matheny asked what the cost of the Community Center repairs were and if there wasn't a less expensive way to go with that project. He asked about why an engineer had to be used to design the project instead of just letting a company give a proposal for the job. Chris Ray said of the \$361,700 for the project there were two components with one being the wall repairs and the other being the roof replacement. The wall repairs required a structural engineer so that a building permit could be acquired. The engineer would have to determine the condition of the existing walls and decide if spot repairs could be made or did it require a full replacement. The engineering for the roof was at \$5000 and that had already been paid for the specifications and the rest was to administer the project. The Board approved \$20,000 in the current budget year for that work to be completed.

Mayor Matheny asked about the fuel system. Chris Ray explained that the Public Works facility was going to be used to secure the debt and that was why the fuel system was lumped in. The

Board of Commissioners

Minutes

April 18, 2012

system was installed in 1987 and they were recommending replacement of the pumps, new solenoid valves, tank monitoring equipment, leak detection system and permitting. Commissioner Beck asked if they could get by without replacing that. Chris stated that was possible but if it were to break it would cost more than if lumped in with the other projects. He reminded the Board that it was included so that the Public Works facility could be used for financing. The cost for that project was \$36,000.

Mayor Matheny asked Sidney Perry to speak to the change out of the tank on engine 91. Sidney Perry stated that the truck was scheduled to be replaced in three years and he explained that if the tank were replaced with a 1000 gallon tank it would extend the life of the truck 10 years before it would need replacement. It would save the Town from having to purchase a \$400,000 vehicle in three years. The cost was \$33,600 to do that project.

The CDBG project was discussed and the Mayor stated he knew it was a grant and wanted to know the numbers of children and people that walked to and from the Boys and Girls Club on a daily basis. Mark Hetrick said that the numbers provided were the number that were using the facility and not the numbers walking to and from the school. Mark stated that he traveled that road regularly and saw people walking all the time and in his opinion it was a huge safety concern. He said he saw between 20-30 children walking in the morning and afternoon. With the Town getting a CDBG grant and they were covering 80% and the Town's portion being only 20% coming from Powell Bill funds.

Mayor Matheny asked if anything was being pushed back since Powell Bill funds were being used and it seemed like there were other things like the street sweeper that Powell Bill funds could be used for. Chris Ray stated that clearly there were needs but they have been repaired and it was difficult to turn down an 80% grant to install new sidewalks to cover the safety of those traveling from the middle school to the Boys and Girls Club. The Mayor asked if the grant would be available in future years. Chris said that he did not know but the Town's share of the project was \$41,480 and the remainder covered by the grant was \$165,921. The Mayor stated that the discussion was to apply for it and there was always that chance that the Town would not be able to accept it if the budget got tight. Mark stated that if the sidewalk were someplace else and someone other than children were the main people using it he wouldn't mind turning the grant down, but he was not in favor of turning it down since mostly children were using it. It was a huge safety concern. Mayor Matheny asked that Mark go back and get a realistic number so that the Board could evaluate the project. It was mostly middle school children using the facility.

Commissioner Strickland asked if Mark would provide the number of students from the middle school that used the Boys and Girls Club because he did not want to take away from the safety of the children.

Mayor Matheny asked if cooperative efforts had been looked at with Wendell and how often did that piece of equipment sit idle. Chris stated that the goals in the stormwater management plan were that Shepard School, Gannon and Arendell were swept 26 times per year, the downtown was swept weekly and other streets were done once a month. In the last month it took 10 days to get through the whole cycle of sweeping and when holidays, sick days, vacation and inclement weather it took between 16-18 days per month so really the whole month was needed to get

Board of Commissioners

Minutes

April 18, 2012

sweeping completed. Commissioner Strickland asked how many hours were on that sweeper. Chris stated there were approximately 4000 hours and it had two major hopper replacements, pickup head replaced and the engine had been rebuilt. The biggest problem was that the hopper was not available any longer from the manufacturer so it could not be replaced due to the age.

The price for a new sweeper would be \$190,000 but thought it could be a little cheaper.

Commissioner Beck asked about the vacuum trailer and if that would work. Chris stated that was not what it was designed for so it would not do what the sweeper was supposed to do.

There was discussion about the ballfield lights and if they were functional or problematic. Chris explained that they were both functional and problematic since the fixtures were the original ones installed in 1988. They were beginning to experience a significant amount of ballast failures, switch gears, and breakers were going out. There were three emergency service calls last year due to breakers and grounding of the system. Truly the equipment had reached the end of its useful life. Mayor Matheny asked if it was possible to refurbish the fixtures and electrical supply itself to realize a savings. Chris stated that in 2006 some rehab work was done so the only savings that could be available was that the electrical components were not moved. Currently, those were located on the third base side of the field close to home plate. During the discussion at the retreat it was stated that if the Town was going to invest that kind of money it would be best to open up the sight line which would enhance the facility but was not a necessity. It was asked if it could be rehabbed not to realize a savings to put the project off. Chris stated clearly it could be done but the question would be how much down time would have to be dealt with if things failed. One thought was would the cost of repairs be better to deal with than to put that money toward a total replacement of the lighting system. The cost of the project would be \$339,700.

Mayor Matheny asked if a service contract with Progress Energy for the lights was a possibility. Chris Ray said that he did not know and didn't know if it would save the Town any money. The real problem would be the wiring between the poles and the main breakers it was really deteriorated. The replacement of the poles was going to cost approximately \$100,000. Commissioner Strickland asked how long the poles were anticipated to last. Chris said that they had really reached their useful life and he was not a structural engineer so he was not comfortable saying how long they might last. In 2006 there was one that had already decade to the point of having to be replaced.

Commissioner Beck asked what if it was put off and band aids were used to the point where they could not be used any further and the Town would have to do the project alone what would that cost the Town. Emily explained by using the Public Works facility as collateral it would keep the Town from having to pull that money out of pocket to pay for it. Whereas if two years down the road they failed and had to be replace that money would have to be pulled from the general fund to fix the problem because there would be nothing to use as collateral to finance the project. Potentially something could be refinanced to pay for it but it could end up with a higher rate than today for the same project. If being financed over six years the annual cost savings for that project would be \$59,000 and it could be as much as \$59,000 to patch the system and that money would have been better spent paying for a new system versus repairs.

Mayor Matheny stated he felt that is was just not possible to put a 2.5¢ tax increase, 7.5% increase for water and sewer, stormwater fee increase on the Town residents and thought that it

Board of Commissioners

Minutes

April 18, 2012

would make the Town undesirable to developers. The goal was to move forward and hard times required hard decisions.

Commissioner Bumgarner asked about travel and training that fell under Powell Bill. Emily explained that classes like traffic zone safety training, flagger training, asphalt or concrete and anything that was street related. It was approximately \$500 per person per year for that kind of training. He asked how was it determined what to budget for travel and training when you may not know what was coming up. Emily said that basically it could be a recertification for someone or if there was a project coming up that would require specific training then they would be sent for those classes. Emily said that most of the time they try to have training that was as close as possible so that there was not a need for lodging, additional mileage, and meals. Mayor Matheny stated that he traveled to and from Raleigh regularly and he had over 2000 miles per year and twice a year he had to spend the night where lodging was required.

Mayor Matheny asked if there were any vacant positions within the Town. There were none at the current time. Mayor Matheny asked if there was going to be a hiring freeze if they should become available. Rick Hardin stated it would depend on the department and the position but it would be considered.

Emily Lucas asked what the Board wanted staff to bring back to them for consideration so that a budget could be put together for presentation. Mayor Matheny asked about the possibility of the need for a special meeting in May for a June adoption. Rick Hardin asked what the time schedule was for adoption. Emily stated that as long as it was done by June 30 that was legally ok, however, it was required that it be presented prior to June 1st.

The Board wanted to see the numbers for the sidewalk, reevaluation of the ballfield light project, trying to figure out if there could be some modification to some of the projects to save money. The tax rate increase and the saving account not being drawn upon, use of Powell Bill money for the street sweeper and continued giving to nonprofits all were things that needed to be looked at and reconsidered.

Commissioner Strickland asked if the Festival on the Lawn came from the United Arts Council funding. It was stated that it did not but the Town put money into the UAC fund but the money for part-time help and the event itself didn't cover all the costs. The Town put in about \$10,000 per year. Greg Johnson explained that the grant money from UAC would no longer be available to the department and it was going to a 20/80 matching grant with the Town having to pay the 80% portion. Commissioner Strickland asked what the cost was to put the Festival on the Lawn on each year. Greg stated it was roughly \$10,500 of town funds to put it on.

Mayor Matheny stated that he would get with Rick to figure out when a meeting would be needed and let the Board to know when there would be a called meeting. Emily said that some of it would be brought back at the regular May meeting and if additional meetings would be needed the Board could decide at that time if that was ok. The Board was ok with that.

Commissioner Bumgarner asked about CAMPO membership and why the cost dropped. Emily stated it was due to the drop in census numbers.

Board of Commissioners

Minutes

April 18, 2012

Commissioner Strickland asked about sweepstakes and privilege license received from that. Emily stated that the only money the Town would get out of that would be the privilege license fees of \$200 nothing else.

MANAGERS REPORT

Rick Hardin said that Festival on the Lawn was on April 21, 2012 from 10am-3pm.

The small claims court case with Wilbert O’Neal was settled by being thrown out when Chief Hayworth went to court and defended the Town.

Commissioner Beck made a motion, second by Commissioner Clark to adjourn. There was no discussion and the motion passed unanimously.

Date

Robert S. Matheny—Mayor

SEAL

Lisa M. Markland, CMC—Town Clerk