

June 3, 2014

Wendell Town Board of Commissioners Special Called Meeting Minutes

The Wendell Town Board of Commissioners held a Special Called Meeting on Tuesday, June 3, 2014, in the Board Room at 6:00 p.m. The purpose of the meeting was for discussion on the FY 2014-2015 Budget. Present were Commissioners Sam Laughery; Jon Lutz; James Parham; John Boyette and Virginia Gray; Town Manager Teresa Piner; Town Clerk Jonnie Driver, and Butch Kay Finance Director.

Mayor Hinnant called the meeting to order.

Manager Piner stated the Wendell Board had established a policy to maintain the minimum of 40% of the Fund Balance. The draft budget which the board received indicated \$209,200 would be used from fund balance to balance the FY 2014-2015 Budget. That would leave a balance of 43.9% in the Fund Balance. The Local Government recommends that the town have 8 percent of the prior year's expenditures in Fund Balance. Wendell is above that amount and we are financially sound. Because of the tough economic times since 2008 and the equipment needs recently purchased, the Fund Balance has been reduced. The proposed expenditures of \$209,200 is to be spent for Town Hall improvements, Public Works Improvements, Lights for Ball Field #3, Message Board, Down Town Street Scape improvements, Loan for one car, one truck, Special Events in the amount of \$10,000, and donations in the amount of \$1,200 and it also included Lake Drive improvements in the amount of \$85,000.

Mrs. Piner said Commissioner Laughery requested information on the Town's Fund Balance for the last five years. Manager Piner said the Fund Balance has seen a steady decline since 2008. She said it is in part due to the downturn of the economy in 2008 and in 2011 the Board at that time pulled out 1.3 million to use on Capital Projects. Resurfacing projects totaling over \$750,000 have been expended and the town purchased a significant amount of equipment. Fund Balance has been used primarily for one time expenditures.

Mayor Hinnant said the previous board actually talked with Pettway, Mills and Pearson, the company that handles our audit, and they stated that we were healthy and financially stable and that it would be fine to draw the Fund Balance down to a certain point. He said the practice that we were doing was not without knowledge of the people that help us oversee our budget and who makes sure we stay in sound financial shape.

Mrs. Piner said the Town also has an additional \$2 million dollars set aside for capacity fees that are drawing interest which was not included in the Fund Balance figure.

Mrs. Piner said previously the draft budget indicated \$209,200 coming out of Fund Balance. She said without Fund Balance the fund balance would be at approximately 48 percent of our expenditures and the total budget would be \$4,468,972. Mayor Hinnant said if we were not using any of our Fund Balance, how does the percentage change from 52.76 percent to 48 percent. Butch said the Fund Balance is figured on the total amount of the budget or expenditures and because the budget increased, it caused the Fund Balance to decrease.

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Mayor Hinnant said what makes me the most uncomfortable is if we go into our Fund Balance, I always thought of that as being for one-time expenditures. He said if we take out a loan, that loan payment will hit us year after year until it is paid. I would rather do a one-time payment out of our Fund Balance. Commissioner Laughery stated the loan payment would be every year for the next 10 years. You can pay off a loan anytime, so you do not have to use the fund balance right up front. He said his concern was that it seems to be a trend that we continue to take money out of the Fund Balance and we do not need to continue that trend. He said some of next year's expenditures were his concern. We have some large expenditures and it is not whether we borrow the money or not, I don't think they are necessary.

Commissioner Lutz said he agreed the Fund Balance should be used for one time purchases. He stated he did not mind spending money but also a one time purchase should be something that we feel is getting the most bang for the buck and he thought that was where the decision lies.

Commissioner Parham said he thought we had to set some priorities. We need to decide what we want to do and decide what amount we want to spend and then he could make a better decision.

Commissioner Boyette said he understood using Fund Balance for a one-time cost, but we need to understand that we have to get to a point where we are putting money back into Fund Balance. He said it did not get where it is by taking money out every year. He stated he does not think we should use it for recurring cost or paying interest on a loan. He said he agreed with Commissioner Laughery that we may be able to cut some of the expenditures like the lights on the baseball field.

Commissioner Gray said she did not like the idea of borrowing money, or using Fund Balance to pay interest. She said I am in favor of going into Fund Balance for something very specific, and she agreed with Commissioner Parham that we need to establish some priorities. We need to set a limit of what we would spend on this building and she thought \$100,000 should be the limit. She said she thought we needed to decide what our town needs. She said I am not in favor of the lights on the ball field. She said maybe we should take the \$90,000 for the lights and add a little more to it and build some additional fields or other things. She said she was approached by the Wendell Rams and they said they might be willing to give us their lights if we would partner with them and have a field they could use for football. She said she would be willing to go into fund balance to start a specific plan to reach the 70 percent of kids in Wendell that do not participate in the Wendell Sports Program as the survey stated that was taken by East Carolina University.

Commissioner Laughery stated he agreed with Commissioner Gray on the amount of \$100,000 to renovate Town Hall as long as the money was spent to make it more livable, not the Commissioner's room but the building livable for the employees. He said one thing he failed to mention was the Public Works building for \$75,000. He said we were not getting additional equipment so he did not think the building was needed at this time. He said we will putting a Police Station out at Wendell Falls in the near future and we may need some space for storage of equipment at that time. He said we were doing a lot

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of detail in the budget, but we could at any time take money from the Fund Balance if we see something that needs to be done.

Manager Piner said she wanted to clarify that there was \$6,000 set aside in the budget for the façade grant program, but there were no funds set aside for non-profits.

Commissioner Gray said since there was \$6,000 in the Façade Grant budget, she thought maybe we could reduce it to \$2,000 and only do it twice next year and maybe we could build it back up in the next fiscal year. We could use the \$4,000 for some type of Economic Development Program.

Commissioner Gray said it was her understanding that Public Works did not only need the building, and she agreed with Commissioner Laughery that the building is not needed right now, but they also need fencing so they could store bulk supplies. It may be that we could do the fencing.

Mayor Hinnant said he would suggest that we go with the balanced budget the manager has prepared for us which was what we asked for with no tax increase or Fund Balance being used which included money for the Façade Grant. He said we would set some priorities and if we need to do a budget amendment six months into the budget, we can do so.

Commissioner Gray said you are saying no lights; no public works buildings, no Façade Grant. Mayor Hinnant said he was saying we could decide to accept the balanced budget without the use of Fund Balance but included is the \$6,000 Façade Grant. When we as a group decide on our priorities, we could come back and decide if we were going to use Fund Balance and what we would use it for.

Commissioner Laughery said he would suggest that we reduce the capital expenditures page that showed we were going to borrow \$340,000 to reduce the amount coming from fund balance to \$125,000 which is \$100,000 for town hall renovations and \$25,000 for the sign and that we have our Finance Director come back and tell us whether it best to borrow the \$125,000 and pay interest on it, or whether we use Fund Balance. Commissioner Laughery said he really did not think there would be a big difference because if we borrow money we can pay it off anytime we want to. Manager Piner and Finance Director Butch Kay agreed it was best not to obtain a loan in this case.

Commissioner Laughery said on the Town Hall improvements, the board does not live in this building every day we don't know what is needed. We need some suggestions from the staff. He said I think we should emphasize on the people in the building. Commissioner Boyette said we had a priority list and he understood that this room was not able to be utilized for town staff meetings during the week due to the way it is set up. He said staff needs a place to have trainings and meetings without having to leave this location. He said it was his understanding that some of the improvements to this room were not just for the board's use, but that staff could better utilize the room also.

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Mayor Hinnant said he had no problem with Commissioner Laughery's recommendation, but if anyone had any ideas or suggestions they should let the manager know. Commissioner Lutz said just so he was clear on this issue, if anything else should come up during the year, we would deal with it as it came up. Mayor Hinnant said that was correct, we as a board would have to vote on it.

Manager Piner said an example would be the issue with Lake Drive easements. If we could get the easements, we would come back to the board and see if we could move forward. Mayor Hinnant said a previous board committed to that project, so that was something we inherited.

Commissioner Gray asked Commissioner Laughery to please restate what he was recommending so she could be clear on the issue. Commissioner Laughery said the amount for the facility loan and other equipment totaled \$340,000, he suggested reducing that to \$100,000 for town hall improvements and \$25,000 for the marquee sign which he thought we all agreed was very important.

Commissioner Parham, Boyette and Gray were all in agreement with Commissioner Laughery's recommendation to pay \$125,000 out of fund balance.

Mayor Hinnant said he thought the all were in agreement concerning the budget. Commissioner Gray said she was in agreement but had one item that she would like to make the board aware of.

Commissioner Gray said she was made aware that the Wendell Swim Club wanted to put some signs around town to advertise they were having a big membership drive. She said some of the signs were taken down by Code Enforcement because they had failed to obtain a permit for the signs. She said she would like to see if we could waive the permit fee for them for a three week period of time and let them put the signs all around town and have a big splash. She said she would like to consider, based on what the Mayor and she talked about, that small signs, like political campaign signs don't need to require a permit. She said I think we were getting a little picky. She said the swim club had a great need and she wanted to see how the board felt about it.

Mayor Hinnant said if we do for one, we need to do for all. He said he would feel best if we do away with the permitting fee for everyone. Commissioner Parham asked if we would be crippling our budget by doing away with the permitting fee for the small signs. Mrs. Piner said it will not cripple the budget.

Manager Piner said she wanted to be clear whether we were asking whether or not to waive the permit and fee or requiring the permit but not charge the fee. Mayor Hinnant said if we were not going to charge a fee there would be no need to task the Planning Staff with issuing a permit. Mrs. Piner said sometimes the signs stay up for a long period of time, fade, fall into disrepair, are hit by lawn mower as examples. She wanted to understand what direction to give staff. Commissioner Gray asked if there was a way we could deal with things that were in dis-repair. Commissioner Gray said that was a whole separate issue to her. She said there are a lot of things around town that could be maintained and

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repaired. Mrs. Piner said she was concerned about the difference in three weeks which was being requested and 6 months or an unlimited time period. Mayor Hinnant said we could set a timeframe and state that a permit is not needed but the signs were good for three months.

Commissioner Gray said she would like to get this on our agenda and when we draft the language we need to make sure that we take care of making sure they are not in dis-repair. Commissioner Boyette said at first my thought was what right do we have to tell people what they can and can't put in their yard. It is freedom of speech. He said the more he thought about it the Wendell Swim Club is a little different due to their location of being off the highway. He said businesses already pay a business license, but individual homeowners that want to put a sign in their yard to say something should not be beholding to that same kind of thing. He said to him there was a little bit of disconnect there. Manager Piner stated that this item could be sent to the planning board for their review. The board was in agreement.

Commissioner Laughery said he was on the Planning Board when the UDO was adopted and you cannot imagine how long we spent on signs, it was amazing. He said we have made some changes, because we were able to get a church sign put up that was illegal. He said we need to have an open season on the UDO because we continue to have these problems and hear about things that builders say, but without some exact circumstances we cannot do anything. He said we could have all the builders come in and voice their concerns and then we can see if there is something that needs to be changed or not.

Without any further questions or comments, Mayor Hinnant adjourned the meeting at 7:07 p.m.

Timothy A. Hinnant, Mayor

Attest:

Jonnie S. Driver, Town Clerk