

March 23, 2015
Board of Commissioners Special Called Meeting Minutes

The Wendell Town Board of Commissioners held a Special Called meeting Monday, March 23, 2015, at 5:00 p.m. to discuss the FY 2015-2016 Budget. Present at the meeting were Mayor Timothy A. Hinnant; Commissioners Sam Laughery; John Lutz; James Parham; John Boyette; Virginia Gray; Town Manager Teresa Piner; Town Clerk Jonnie Driver; Department Heads Butch Kay; Bill Carter; Alton Bryant; Jeff Polaski; and David Bergmark; and Johnny Whitfield Editor of the Eastern Wake News.

Mayor Hinnant called the meeting to order at 5:06 p.m.

Item 1 – Overview of capital needs request.

Manager Piner stated that tonight's meeting would focus on capital needs request. She said we are continuing to refine the numbers and bring them down and we will continue to do that. She said at the conclusion of tonight's meeting, Mr. Ted Cole of Davenport and Company who has worked with other municipalities on loans and bonds will be available to speak. She said we were not proposing a bond at this time, but to understand what was involved in such a process. Understanding the process would be beneficial for future planning purposes.

Mrs. Piner said we do not have the revenue projections from Wake County. We anticipate the revenue projections to be a little higher than this fiscal year, but we don't know exactly how much, so we have started with this year as our base. She said there had been a little construction in the current fiscal year to impact revenues for 15/16. Where we will see an increase is in the number of residential lots that have been subdivided and recorded. Hopefully this year we will experience development on those lots which will provide a larger jump in revenues for 16/17.

Mrs. Piner said we do not have the anticipated insurance increases at this time, but being a small employer (less than 50) , we often see larger insurance increases. She said insurance is very uncertain right now with the federal changes that have taken place and last year we saw a 10% increase.

Mrs. Piner said we are also working to keep the fund balance at 40% of expenditures per Town policy. She said discussions this evening involving equipment are with the assumption that there will be no tax increase and at this time no use of fund balance. She said we first met with department heads and asked them to submit their capital needs request. The items submitted totaled \$3.8 million dollars. I will say there was nothing extravagant being requested, it was equipment needed to provide services to the citizens of Wendell. Most of the requests have been seen in the past. We asked the department heads to go back and refine the list and prioritize the items. They sent their priorities in and they cut the request by \$1.5 million. She said we then met with the Mayor to discuss the items being proposed. As the Board is aware, there is not \$2.3 million available in fund balance to purchase these requests so we have had to be creative.

Mrs. Piner went over the Debt Summary which included the Wake County Open Space Loan and the BB&T note for 2 cars, backhoe, bobcat, dump truck and utility truck totaling \$354,517.75. She said the equipment loan will come off in 2017 and the Open Space loan is at a low interest rate but will continue for some time. She said the Town carries very little debt.

Mrs. Piner said we have taken the \$2.3 million requested and divided them into three possible loan scenarios. One loan would be for 5 years and would include the mini excavator, utility loader, IT Upgrades, John Deere Scarifier and Police Cars. We would not have to go through the Local Government Commission for a five year loan and would work independently with a bank.

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The second loan option proposed is for 15 years and the loan would be secured with Powell Bill funds. Mrs. Piner said each year we have about \$115,000 of unappropriated funds from Powell Bill that can be spent on road and infrastructure improvements. She said when we did the streets study several years ago it was approximately \$1.3 million and we have spent about \$600,000 since that time on street improvements but we have a lot of projects still on the books. She said we would like to use that dedicated fund source that comes in every year from Powell Bill and look at completing the storm drainage issues on Todd Street, and the Downtown Beautification Project along Main Street near Third that was started 5-6 years ago. Mrs. Piner said Lakewood Drive paving could be paid for out of Powell Bill Funds. Wake County has authorized CDBG Funds in the amount of \$330,000 to pave, curb and gutter and install sidewalk on one side. Mrs. Piner said we could also have a major impact on street resurfacing and possibly complete the study that was done in 2011. She said the total of all the street repair was \$1,389,700 and we think we can manage that out of the \$115,000 that we get from the Powell Bill. Staff would contact the City of Raleigh to schedule utility improvements before paving. As example of a street that needs paving but may be delayed is Fourth Street due to a proposed waterline improvements.

Mayor Hinnant said just so the board knows the Town pays for a public works position out of the Powell Bill Funds. Manager Piner said that was correct one salary for street maintenance and repairs has come from Powell Bill for many years.

Manager Piner said the 10 year loan is what she would call a “new” loan requiring payments from the operating budget. Included is a Public Works building (60x45), fence and landscaping at Public Works, Town Hall improvements in the front offices, some outside landscaping, and furniture, Parks Improvements (total match for Parks/Rec PARTF Grant) which we committed to, and wayfinding signage. She said the 10 year loan would be about \$66,192 for 10 years. Mayor Hinnant said even if we do not get the PARTF Grant, he would like to consider taking that \$306,000 and committing that to Parks and Recreation for the bathrooms and other concerns that need to be addressed. Commissioner Laughery said he agreed with the Mayor, but we do not have to do this all in one year, didn’t we say that it could be done over several years. Mrs. Piner said yes, we have three years to complete the project. She said if we receive a loan that includes the \$306,000 we would recommend completing the project at one time. There would be less disruption to the park, and hopefully reduce costs due to mobilization. Mayor Hinnant said the \$150,000 that you had for improvements to Town Hall was not a waste of money because it looked like it would be another 10-15 years before we could build a new town facility. He said we do not have any building plans or land available on which to build. He said if we had any money left over after the town hall renovations, he would like to suggest that we take that money and develop a plan for a new town hall. He said if the board adopts this and it takes the entire \$150,000 then we want be able to do that, but if it does not take it all we get started on the town hall process.

Mrs. Piner said what you do not see in the Capital Improvements is the Fiber Project, that is because the first phase was almost \$300,000 and although we were told it would pay for itself in 10 years, possible shorter, but we did not put that in due to increase in loan payments. She said we have had a considerable amount of improvements in the IT area over the last year and some of the items under consideration for this decision as what are future plans for a Town Hall. Will be continue leasing the same space for the police department, Town Hall going to be, the Wi-Fi which has been approved but not completed, the message board, the website PublicStuff and the day to day duties of maintaining computers, website, and the overall system. She stated that she was concerned that we may need to complete some IT projects before moving forward and creating the need and cost to hire another person to help manage these projects. Mayor Hinnant said another reason the Fiber Project was not in here was the intent was to be able to keep the tax rate the same. He said that with Wendell Falls under construction, the Town should be able to have enough tax revenue to increase the loans, or do a bond in the next year or two. Teresa said that was correct there was no tax increase included with what we are proposing. She asked were

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there any capital improvements that the board felt needed to be added or any questions or concerns about the loans.

Commissioner Parham asked what the maximum loan amount was before you considered looking at a bond issue. Mrs. Piner said there was no set amount but it would probably be between \$8 to \$10 million dollars. She said it is a long process you have to go through. The planning of what you want to propose, the underwriting, LGC approval, and getting it on the ballot for the public to vote. There are also expenditures that the Town will incur with planning and placing the bond on the ballot. She said that would be where we would think about a town hall and some major renovations and changes. Mayor Hinnant said we need to remember that when we talk about renovating this building, it will still be a usable space even when we do get a new town hall building, because we lease the police building right now and maybe they could move back here. He said if town hall were to be located on Poole Road, this building could be used as an annex to the citizens in this part of the town.

Mayor Hinnant said right now we lease the space for the Police Department and he felt like for what we pay in lease we could buy a building for the Police Department. He would like for the board to consider authorizing Teresa to talk with the lessee and see if they were interested in selling the building. He said we need to think about whether we are going to continue to lease the building, purchase another building, or what we were going to do. Commissioner Parham asked when the lease on the building would be up. Mrs. Piner said two years. Commissioner Parham said he knew that in the past the owner had been hesitant to sell the building.

Commissioner Boyette asked how the previous board got to the decision of leasing that building rather than buying a building. Teresa said we were running out of space and we looked at several different buildings throughout town, the cost of buying and renovating or leasing. She said the Helping Hand building became available and it seemed to be the best option at the time.

Teresa said the list was our starting draft, there are other vehicles, trucks, cars and other equipment needs that will need to be addressed, but we felt these were the most needed items that could be incorporated into a loan. Mayor Hinnant said the police cars that still have some life, would be used in other areas. Mrs. Piner said that was correct, especially the captain and chief cars we would move those into other departments that were in need of a vehicle. We would put the new cars in the police department and Planning Department. When Brinkley was here he drove his van, and so it is an inconvenience for the maintenance crew when Jeff has to use a work truck to go to a meeting. She said we would repurpose those vehicles that are being replaced. Commissioner Boyette said was a car going to be sufficient for Code Enforcement; I thought he needed a truck. Teresa said it is preferred to use a truck, but we have in the past used cars and it will work if we are unable to purchase a replacement.

Mrs. Piner asked if there was anything that we had missed on the capital needs side that the Board thought should be added or taken out. Mayor Hinnant said from what he understood from Butch, if we add something to this list we would have to take something away to keep the loan payment the same.

Commissioner Boyette said last year the lady from the Senior Center made the comment that the stove and oven in that building had been broken for a long time which prevents them from having a Spaghetti Dinner fundraiser. He said he understood that the replacement cost was around \$6,000 because they were in need of a commercial stove. Commissioner Parham asked the Manager if she had developed a list of housekeeping chores for the Senior Center. Since we last spoke, he stated that he had visited the center and spoke with them about their needs. Pastor Sims at the Eastern Regional Center has a group of kids that do certain projects and they were going to volunteer to paint.

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Mrs. Piner said she had requested a meeting with Miranda with Resources for Seniors because there are multiple programs in one building including an adult daycare, senior center and meals on wheels and she needed a better understanding of what funds were available. She was pulling together numbers for flooring, paint, and ceiling fans from area contractors. She said in the past Knightdale and Zebulon had helped, but the building belonged to the Town although it is the Eastern Wake Senior Center. Commissioner Gray said doesn't the center serve the population in Wendell, Knightdale and Zebulon. She said was it possible to communicate with the other Towns to help replace the piece of equipment. Mrs. Piner said yes, that would be possible. Commissioner Parham said he would meet with Sonia Reed, she might be able to pull some strings as well. Commissioner Gray asked Mrs. Piner to keep them updated on the outcome of the meetings and any sources available.

Mayor Hinnant recessed the meeting until 6:00 p.m.

Mayor Hinnant called the meeting back to order at 6:00pm.

Butch Kay, Finance Officer introduced Mr. Ted Cole with Davenport and Company. Mr. Cole said he had worked with other municipalities that the Town's Attorney, Jim Cauley represented and thought that some of the information his company might be helpful to the Town as you start your budget preparations, specifically the capital side of things.

Mr. Cole said you have done capital borrowings in the past primarily it has been related to rolling stock, equipment, vehicles, and such. He said what we were talking about was the potential for some other financing that might be away from rolling stock, like bricks and mortar, building improvement, park improvement and streets. He said the process was much the same. He said we normally do two types of primary debt. One is a General Obligation Bond and in order for any municipality to issue a General Obligation Bond you have to have a referendum, it has to be approved and if that was to happen you had several years to issue that debt which means you could use it as needed. The key with the General Obligation Bond is it was backed by the full faith and credit of the municipality, rather than an asset. He said it was the best credit that any local government could offer. Mr. Cole said it does require a referendum and there were a series of steps you need to go through in order to get to a referendum and there were some costs associated.

Mr. Cole said the other type of debt that other municipalities look at was called installment purchase contracts or limited obligation bonds. He said the primary difference in the installment purchase contract and the General Obligation Bond was that you would secure that loan with some asset. Mr. Cole said limited obligation bonds do not require a referendum; it was done by a public hearing and a vote of the elected body. He said for an installment purchase anytime you get over 59 months terms and you pledged real property you were going to need Local Government Commission approval as part of the process. He said typically you were talking about a 60-75 day process. He said the Local Government Commission would want to know your basis for the requested amount of money to be borrowed and know that you were not borrowing too much or too little.

Mr. Cole said your staff had put a list together for the potential 5 year, 10 year, and 15 year loan totals and the key here to talking about installment financing with a bank was to find the right basket of collateral to offer. When you look at things like street resurfacing it does not lend itself to collateral. You have to find something that was good collateral such as equipment or town hall building.

Mr. Cole said he thought the type of items you had listed would be better for an installment purchase contract and if we could package this properly and get the right asset he thought there would be 5-6 banks that would be able to help you. He said some banks do not do more than a 10 year loan, that was just their policy, but others do.

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Commissioner Laughery asked in able to get something to the voters how much lead time were we talking about. Mr. Cole said he saw from another municipality that they were starting the process now for a November referendum to be placed on the ballot. He said they already have vetted their projects, what they wanted to do to present the proposal to the public, but 12-18 months was a reasonable amount of time for the planning process.

Mayor Hinnant said would your suggestion be \$8-10 million. Mayor Hinnant stated that he knew there were cost incurred to go thru the process and he did not want to go through the process of referendum for \$5.million to find out we shorted ourselves and need \$8-10 million. He asked whether to be cost effective was there a minimum that you would recommend. Mr. Cole said that was a difficult question to answer, there was a cost to go to referendum and he was not sure of those cost, and if you were going to go out and ask voters strategically you would want to make sure that you were touching on a number of things that mattered to the community. He had seen referendums for less than \$5million and Wake Forest just did \$25million, and Garner did \$30million a couple of years ago. He said if the referendum was approved, you then have flexibility to implement when the money is needed or if it is used at all. There were no further questions for Mr. Cole and the board thanked him for coming and speaking to them.

Privilege and Business License

Teresa said privilege licenses will cease effective July 1, 2015. She said the Legislature had provided a way to make up some of the funds by implementing a Business License. She said privilege licenses in the past had a large range of fees and the Legislature had said a Business License could be charged that was uniform and reasonable. Teresa said we were fortunate that we had not been hit too hard with the loss of privilege license like some municipalities, about \$20,000. Teresa said we were looking at a \$20.00 fee and the reason was we already had a system in place for collection and we would probably generate about \$15,000. Teresa said this was also a way to know who was doing business in Town and where they were located.

Mayor Hinnant said he agreed that knowing who was in business in our Town was more important than the \$20.00, but my question was rather than losing revenue, why not make the fee \$25.00. Commissioner Gray asked if they knew what other towns were doing. Butch said the fee was all over the place, some are charging \$100 and some were not charging at all. He said the general statue says reasonable, but how do you define reasonable. He said if the board was happy with \$25.00 that would not be a problem.

Review of current fee structure

Teresa said we have looked at the Community Development Fees closely over the last several years and feel they were consistent with other communities and we were not recommending any changes at this time. She said that the Parks and Recreation Fees Schedule charges \$5.00 more for online registration and we feel if we increase the fee registration across the board by \$5.00 it would be consistent with online registration and it would require less man hours in house. Jeff said we had a lot of people that want to register online, but don't want to pay \$5.00 extra so they come in to pay. He said by registering online it cuts down on the amount of cash we have on hand in the facility and less foot traffic. He said we could set up a computer in the lobby and if people wanted to come in and register online they could do so.

Commissioner Gray asked if we raised the fee by \$5.00, would we still be in line with the other surrounding communities. Jeff said we would, some charge \$37.00, but they have an impact fee and we do not. He said some charge \$70.00 but he did not think \$5.00 would affect registration.

Teresa said these were the items we had for discussion tonight, as we get revenue estimates in we would continue to adjust and refine the requests. She asked if there was anything in particular that the board

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would like for staff to research. We will also continue work on the senior citizens items for quotes and estimates and the police building.

Mayor Hinnant said he would like to interject this idea, as we talk about events and economic development money and after we do what we had to do per statute, hopefully we would have some money left over whether it was for economic development, façade grants, East Wake Education Foundation or events. He would like for the board and staff to think about this when we do event planning. We have two companies that want to plan our events for us for the entire year, one is \$12,000 and one is \$11,000 and we may get two or three more. It was not in my mind the staff's responsibility for event planning. I would suggest that whatever the money that is allocated might be, that the Town give that money to the Chamber of Commerce, or to the Economic Development Committee and get the event planning out of Town Hall. We need to let those decisions be made by the Chamber of Commerce.

Commissioner Gray said the Chamber of Commerce had been fine tuning their events and they stopped some of the events that they had previously conducted in the past and turned some of the events over to others and they were more focuses on member services and they don't want more events.

Commissioner Boyette said when he thought of events he thought of recreation and he thought it might be a good fit for the Parks and Recreation Board. Commissioner Gray said Parks and Recreation was changing a lot as to what they were doing in communities, so to me that was a logical place. Commissioner Parham said he agreed. Commissioner Laughery and Commissioner Lutz said they were in agreement. Mayor Hinnant said the money would be allocated to Parks and Recreation and the Parks and Recreation Commission would plan the event and let staff know what they needed to do.

Mayor Hinnant recessed the Special Called Meeting at 6:45 p.m.

Timothy A. Hinnant, Mayor

Attest:

Jonnie S. Driver, Town Clerk

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