

March 22, 2016
Special Called Board Meeting

The Wendell Town Board of Commissioners held a Special Called Meeting on Tuesday, March 22, 2016 with Mayor Virginia Gray presiding. Present at the meeting were Commissioners John Boyette; Jason Joyner; David Myrick (who arrived late); Jon Lutz (who arrived late); and Ben Carroll; Teresa Piner-Town Manager; Sherry Scoggins- Special Assistant to Town Manager; Jonnie Driver-Town Clerk; Butch Kay-Finance Director; Alton Bryant-Public Works Director; Jeff Polaski-Parks and Recreation Director; Bill Carter-Chief of Police; David Bergmark-Planning Director; Melia Edwards-Human Resources Specialist; Garrett Johnson-Accounting Technician; Tamah Hughes IT Administrator; and Johnny Whitfield-East Wake News Reporter.

Mayor Gray called the meeting to order at 5:00 p.m.

Teresa Piner-Town Manager said tonight we would introduce the Finance Department to the Board, discuss the current budget, and provide current budget information available thru February that contains detailed line items and summaries. We will look at the budget preparations and go thru the calendar, debt service, revenues and expenditures, and look at the Focus Areas from the retreat. She said we hope to identify the board's highlights and priorities, where we are financially and where we want to be. One thing to remember as we work through the calendar was that requests from the staff or department heads have not been submitted, as well as other information such as insurance rates.

Butch Kay-Finance Director stated that the Town has two employees, other than himself, in the Finance Department. Mr. Garrett Johnson, who graduated from East Wake High School, was the valedictorian of his class, graduated from NC State University, worked part time with the Wendell Parks and Recreation Department, and worked in the Planning Department with the Town of Zebulon before he became full-time with the Town of Wendell. He is enrolled to attend classes on purchasing and contracts this May. He plans to attend the Certified Finance Officers Program with the School of Government.

He said our most valuable employee is Ms. Melia Edwards; she has been with the town full time since 1984. She has been employee of the year and most recently promoted to Human Resource Specialist.

Mr. Kay said the one thing the Town needs is a software package. The company the Town currently contracts with does not have a product meets the needs of the Town and has poor customer service. They are not as client oriented as in the past and are rude to employees when staff call them with a problem. He said we were able to close out the vehicle loan, the Powell Bill Loan would be closed out next week, and the application for approval would be submitted to the Local Government Commission. Staff was also working through Town Hall renovations.

Mrs. Piner said the Budget Calendar and dates that would be covered were listed on the calendar. Mrs. Piner said the board's packets also contained the General Ledger Codes for each department. She indicated the individual line items had the explanation of what the line item contained and some of those items could be confusing because supplies in one department could be totally different in another department. She said the first three numbers of the ledger code indicate the department; the last four numbers describe the line item.

Butch Kay said the Town's Fiscal Year runs from July 1 to June 30. At tonight's meeting we would discuss figures from July 1 thru February 29. He said each department remains within their budgetary limits except Fire Services. He said Wake County sent the town a bill for their fire inspection services based on

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the contract between the Town and Wake County. He said there are no major concerns with the budget at this time. He said most of the revenues from property taxes had been received for this fiscal year. Sales tax would be the main source of revenue from this point forward. There may be some lingering taxes to come in on the motor vehicles side. The most pressing items at this time are finalizing and closing the loans. Powell Bill showed little expenditure because the funds had not been expended on the street improvement projects for this year.

Mr. Kay said the town currently had two outstanding loans. One is the Wake County Open Space Loan for the park property which the Local Government Commission suggested the town refinance with the upcoming facility loan in order to get a lower interest rate. He said we had one more equipment loan payment that would be paid out in the next budget and the new loans would include the facility loan, street improvements, and the vehicle/equipment loan that would be secured this year and would be on the books beginning next fiscal year.

Manager Piner said we would look at some of the growth areas that had been occurring and with growth comes the need for additional services. She said building permits in 1997 began to trend upward and then in 2009 they begin to drop off following the economic downturn in 2008. In 2010-2012 permit applications declined significantly and began to pick back up in 2013 and continue to improve. Permits have not been received for one particular area within town. They are dispersed which is a healthy sign. She said that the County showed an increase in property values of \$29 million and that was good, however if you look at that number and use our current tax rate it equals about \$140,000 which would probably get a police officer, police vehicle and ½ of the software Finance needs.

Mrs. Piner said that our 2016 numbers may come in even stronger. She said there were concerns with the \$29 million tax deferral and how much of that the town would receive in property tax.

Mrs. Piner said we also wanted to look at the population growth that the town was experiencing. She said population numbers came from the State Office of Budget & Management and are about a year behind. The numbers received in 2016 would be for July 2015. She said we would take the numbers and formulate future projections. We hope to capture the population increase as the homes built in 2015 sell. She said we would also want to see what the homes bring into the community as far as spending and water usage. If things stay on track with the economy, our community will experience a growth explosion over the next 10 years.

Mrs. Piner said we would discuss the Retreat Focus Areas that were established by the board. As department heads prepare their budgets the focus would be placed on: communications, sidewalks and infrastructure, and staffing. Social media's focus would include connection with the citizens from Wi-Fi, Facebook, website, message board, town app, email, and fiber. We are also looking at the installation of a weather camera to allow people to see our downtown. Attention would be given to a cost estimate for a small area plan for Wendell Falls Parkway to assist in pulling Wendell and Wendell Falls together physically and esthetically. The pedestrian plan being developed by Stantec would include a sidewalk mapping element which was requested at the retreat.

Mrs. Piner said to address current staffing and facility needs we were looking at other towns that were about Wendell's size, however one of the tricky things elements in making comparisons was to look at fire department and utility staff, which Wendell does not have. A few companies had been contacted

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and stated they could help us with facility needs, but it had been difficult to find a company to assist in projecting staffing needs.

Wake County has completed its tax revaluation process. The assessed valuation rose 2016-2017 from what it was in 2015-2016. She said the overall property tax value rose and the property tax rate and revenue is one area that local municipalities continue to have some control over revenue except for the recent passing of the tax deferment bill. As we move forward and receive more information, this is the once source of revenue that the board has the most control. Town Manager Piner said the NC law requires counties to perform a real property revaluation at least once every eight years. The Wake County Board of Commissioners approved moving to four year cycle beginning 2020.

Teresa said HB 168 is a concern. Wendell is probably more vulnerable than some communities because of the growth being experienced and the number of houses being built. Wake County had always been able to estimate property tax revenue however it would be more difficult to calculate with the enactment of HB 168 for the upcoming year. She said Wake County had also informed the board that Wendell's single family home values had not recovered to where they were in 2008. When reviewing the 2015 values, homes in Olde Wendell, Pepper Point, and Boxley decreased from their property values in 2008. If the tax rate remained at 49 cents, homeowners would be paying less in taxes. She asked the board to examine their property values and make a comparison of what taxes would be paid when using the same tax rate. She stated that the town's revenue neutral rate as calculated by Wake County is 47 cents.

Mrs. Piner said in looking at revenue options for Wendell, the town had lost the Privilege License Tax, although not a huge amount, tax deferment could have a negative impact and the town does not have the authority to leverage impact fees.

Mrs. Piner said when looking at facilities, often town hall is the building that comes to mind but the community center is 10 years old and starting to show wear, the Senior Center is town owned and maintained, the public works building has not had major renovations since it was built, and the police department, although leased, has to be kept up to date on fire inspections, fire extinguishers, HVAC filters, cleaning, etc. It may be beneficial for us to tour the Senior Center and/or hold a meeting using that facility.

Mrs. Piner stated that the town also has some large equipment and when something broke, it was expensive to repair. She said the department heads have updated their large capital needs which we would like to bring back to the board in the near future as a Capital Improvement budget. The CIP would assist in planning for the future. Equipment would be scheduled for rotation and would indicate when vehicles and equipment would come to the end of their life cycle.

Mrs. Piner said we would be looking at existing resources and reassignments as needed. Reviewing the staffing in other communities could prove beneficial. Employees and citizens will reap the benefit of training and being challenged for personal growth. Customer service has always been important to our boards and it continues to be so. We would examine how we could strengthen existing services with the resources available.

Mrs. Piner said we would look at solid waste services and our contract with Waste Industries, which would end next year. There were no plans for a solid waste increase this fiscal year. We had been

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successful in the past with contracting with Waste Industries to keep rates as low as possible. Redevelopment of the Wake County Solid Waste Container Site would also offer other solid waste disposal options.

Mrs. Piner said the Planning Department was often the first department to be hit early in a growth period due to permitting, meeting with developers and potential business owners. Planning Director Bergmark was looking at some software that would help streamline the review process for those developing property. We want to make sure the proper people are in place to assist those coming to develop and conduct business with the town.

Mrs. Piner said the corporate limits were very linear. When development is occurring on one side that would soon have a population as large as the existing primary corporate limits, we need to be cognizant of that impact. Additional officers would be needed and we would be looking at resources to make that happen.

Mrs. Piner said in Parks and Recreation we asked for diversification and expansion in programming and it had been received. There are more programs, events, and activities than ever. She said we were diversifying, but at the same time we wanted to make our strengths stronger. Softball and baseball were the department's strengths and had given the department its image and a positive reputation throughout the area so we had to keep the foundation strong as we move into other areas.

Mrs. Piner said the Public Works Department is looked at to keep our community clean. Residents expect the grass clippings, leaves, and limbs to be picked up once placed at the street. She said Public Works Director Bryant expanded the work of the department by moving into sidewalk and doing more with snow removal.

Mrs. Piner said we would like to receive feedback from the board on whether or not to amend the attorney's contract to have them at both meetings. The attorney attended both meetings until last year and the board decided to try it with them only attending the first meeting of the month. She said she had asked for a proposal for two meetings per month because action is sometimes takes at the work session.

She said AMT was our engineer and they specialize more on transportation and roads and we feel that was probably where we are going with a lot of the development. She said our Auditor is Petway, Mills and Pearson. The transit bond would be coming up this fall and we need to look at the town's transportation needs, especially with buses. We are a partner with East Wake TV, and thought the town was collaborating and using this resource wisely. Mr. McConkey said Wendell uses East Wake TV more than some other communities to film special events. Now we have to take the next step and get the information out more visible to the public.

Mrs. Piner said water was one area where residents would see an increase. This year's water rate increase would be five percent. The average water bill would see an increase of about \$3.00. She said often residents forget that solid waste collection is included in the bill and that makes it seem higher.

Mrs. Piner said at the next budget session we will receive information from the department heads and then we would come back to the board at the April 25 meeting. We would like to spend the rest of this

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evening answering questions or concerns, areas that you would like for us to focus on as we pull budget numbers together.

Mrs. Piner said at the retreat we held in February we went roundtable and you were able to hear from staff some items of importance to them and we would see those needs in their requests.

Commissioner Joyner asked for additional information on the budget software. Butch Kay said we had received some webinars and demos and we had looked at three companies. Commissioner Joyner asked Mr. Kay if he could tell the board how we got to this point. Mr. Kay said originally L&B Software was the name of the financial software company, it then became Logics and we continued as a customer of Logics since that time. We went through two upgrades of software and the last upgrade was not working for us. He said payroll took about 6 months to convert and we had problems with our tax table and our employees saw a financial burden because taxes were not calculated properly. He clarified Town staff did not prepare the tax tables. Logics upgraded the tax tables and they were supposed to have the information properly programmed in to the system. When there are issues, such as the one we recently experienced, their customer service was not helpful. They blame Town staff for the issues that we do not have control over.

Commissioner Lutz asked how long this problem had been going on. Mr. Kay replied over a year and they just do not seem to be taking care of the issues we are experiencing and reporting.

Commissioner Myrick asked Mr. Kay if he was saying that the town currently pays for maintenance on the software and gets no customer support. Mr. Kay said we do get some support, but it seemed the finger was always pointed back to us as to why a problem occurred. Commissioner Myrick asked if they had been updating the software with the tax tables all along. Mr. Kay said yes, they were required by law to do that when the tax table changes, but obviously they had a glitch in the updated program. He said the company was not proactive in helping us with a problem or providing training.

Commissioner Joyner said with the new software would we be able to get the line item details that he had requested on the budget. Mr. Kay said yes. Commissioner Joyner asked would there be a possibility of having an online feature that citizens would be able to see as well. Mr. Kay said yes. Commissioner Joyner said you had his support.

Commissioner Carroll said he would like to know a little more about the contract and five percent increase with the City of Raleigh. Mrs. Piner said the merger took place in October 2006, at that time we had to make a debt payment and there were certain payback marks we were supposed to hit along the way. The ability to payback was based largely on the anticipated growth within the town. She said the merger was based upon where Raleigh's and Wendell's water rates were at the time. The town's rates were higher than Raleigh's; the difference would go toward paying the proforma. Following the merger, two major events occurred. The economy crashed and there was a major drought resulting in water conservation. Raleigh receives income to run the system on water usage and because of the drought and conservation, Raleigh's revenues dropped so Raleigh raised their rates. When Raleigh's rates were raised, the differential being used toward paying the debt was decreased and Wendell could no longer hit its marks and got behind. She said the town evaluated its position and gave back a considerable amount of allocation; in addition a revised payment schedule was prepared showing annual increases to Wendell's water and sewer rates. She said it would be good to have a more detailed review of the agreement with Raleigh at work session. Commissioner Carroll said he was asking for the citizens

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because he knew we would receive questions about the increase and he did not know exactly what to tell them.

Mayor Gray said she felt like we have made our way around all the departments and tried to get them some things they needed. Town Manager Piner said one of the things we are looking at is adding the UDO to Municode. Planning Director Bergmark has been able to manage the updates in the past but the file is getting large with so many changes we were becoming concerned with maintenance of the data. Mayor Gray said it may be that those items, such as Municode and the financial software are where we need to place attention. Town Manager Piner said with the capital improvement plan (CIP) we knew that things would come up, but that we have a plan in place for large items such as these that impact the town.

Commissioner Joyner said in working with the Department Heads, if you know of things that are in the CIP Budget he would like to see that this year so that if we do come down to the numbers and we were looking at money to allocate, we could start with the CIP this year. It gives him great heart burn to spend money this year knowing that there would be an entirely different set of emergencies next year. If we could start addressing the long term issues now it would be his hope to begin now. Town Manager Piner agreed.

Town Manger Piner stated we will also be looking at the EMS facility on the Wendell Falls Parkway and when and how much would the town participates in building that facility with Wake County.

Commissioner Joyner said when we talked about impact fees were we the only municipality that did not impose impact fees. Town Manager Piner said almost. Commissioner Joyner said he knew someone that worked at the legislature that would probably like to look at it that if she would get him that information.

With no further comments or questions, the meeting was adjourned 6:05 p.m.

Mayor Virginia Gray

ATTEST:

Jonnie S. Driver, Town Clerk