

**TOWN OF WENDELL
BOARD OF COMMISSIONER WORK SESSION MEETING MINUTES
FEBRUARY 23, 2017**

The Wendell Town Board of Commissioners held a work session meeting on Thursday, February 23, 2017, in the Town Board Room, Wendell Town Hall, 15 East Fourth Street.

PRESENT: Mayor Virginia Gray; Mayor Pro Tem Jon Lutz; Commissioners: David Myrick, Ben Carroll, and Jason Joyner.

ABSENT: Commissioner John Boyette

STAFF PRESENT: Town Manger Teresa Piner, Special Assistant to the Manger-Town Clerk Sherry Scoggins, and Finance Director Butch Kay

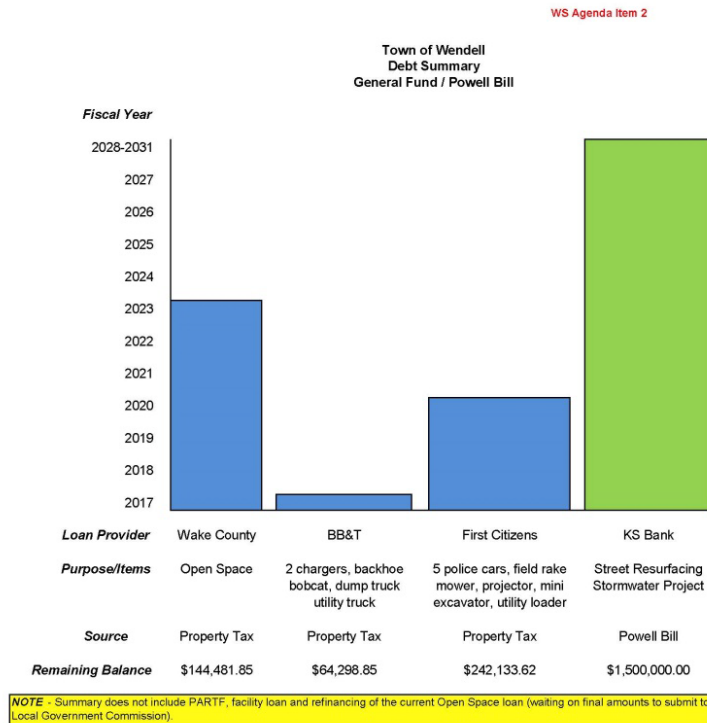
GUESTS PRESENT:

1. MEETING CALLED TO ORDER

Mayor Gray called the meeting to order at 6:06 p.m.

2. DISCUSSION OF DEBT SUMMARY

SPEAKERS: Town Manager Piner and Finance Director Kay



Town Manager Piner and Finance Director Kay provided an overview of the debt summary; chart included above.

Summary:

- Wake County loan (refinancing of the Open Space loan) will be rolled into a loan that will include the PARTF and facility loan.
- BB&T load was paid in full in October 2016.
- First Citizens loan to be paid in full in 2010.
- KS Bank loan is for the street resurfacing and storm water improvements; payments are made using the Town's Powell Bill funds.
- At close of FY 2017, will have two general loans and one loan using the Powell Bill Funds.

3. DISCUSSION OF FINANCE POLICY

3a. Debt Policy

SPEAKERS: Town Manager Piner and Finance Director Kay

ACTION: Board may take action.

[Staff Report]

Current Policy, as adopted 5/26/2009:

The Town of Wendell has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan the adequate funding of services desired by the public, including the provision and maintenance of public facilities. The desires of the public in the provision of public services are imperative, and it is the role of the Board of Commissioners to communicate the public's desires.

In these economic times, the town needs to ensure that it is capable of adequately funding and providing those government services desired by the community.

The financial goals and policy statements set forth in this section are intended to establish guidelines for the continued financial strength and stability of the Town of Wendell and to maintain public trust and confidence by utilizing resources in the most efficient manner possible.

FINANCIAL GOALS

Financial goals are broad, fairly timeless statements of the financial position the town seeks to attain. The financial goals for the Town of Wendell focus on the following areas:

- 1. Accountability*
- 2. Budget*
- 3. Fund Balance and Reserves*
- 4. Cash Management*
- 5. Capital Improvement Plan*
- 6. Tax Rate and Fees*

1. Accountability

Goal: The town will insure the legal use of public assets through an effective system of internal controls.

- *The town will strive to establish the lowest reasonable tax rate for its citizens without compromising the quality of municipal services.*
- *The town will maintain a budgetary control system to ensure compliance with the approved budget and will maintain adequate internal controls to safeguard public assets.*

- *Expenditures will be monitored through the accounting system with monthly reports to assure budgetary compliance.*
- *Reports demonstrating the status of financial activity and results (including an annual independent audit) will be prepared on a timely basis and in compliance with Generally Accepted Accounting Procedures (GAAP).*

2. Budget

Goal: A comprehensive annual budget will be adopted after careful consideration of public needs, their input, and availability of funding.

- *During the budget development process, the town will strive to maintain the tax rate and fees at the lowest possible rate.*
- *During the budget development process, the town staff will strive to show and explain where areas of increased needs exist.*
- *After a thorough budget process, an annual comprehensive budget will be adopted by ordinance. A detailed budget document disclosing all anticipated revenues and authorized appropriations for operating and capital expenditures will be prepared and published. The budget will establish the level of services to be provided by each department with anticipated revenues and available resources.*
- *Where possible, grants or contributions of capital will be identified for proposed town expenditures. When grants are undertaken, the town will strive to be mindful of the long-term requirements and commitments involved in accepted such grants.*

3. Fund Balance and Reserves

Goal: The Town will strive to maintain a General Fund fund balance of 40% (as measured on June 30th of each year) of total budgeted expenditures.

- *The purpose of the fund balance will be to provide sufficient operating reserves (working capital) to manage monthly and daily cash flow variability, as well as adequate liquidity to provide for limited interruptions in revenues (natural disasters, unexpected loss of revenue source, etc).*
- *Contingency and reserve funds will be available for use in the event of emergency and/or unforeseen events.*
- *Cash balances in excess of the amount required to maintain strategic reserves can be used, with approval from the Board of Commissioners, to fund one-time or non-recurring costs. Preference will be given to uses that reduce ongoing expenses (for example - early retirement of debt).*

4. Cash Management

Goal: The town's cash management policy will promote responsible, efficient and legal use of public funds and will optimize the management and earnings on the public funds.

- *Central Depository – The town will maintain an interest-bearing account as its official central depository, as approved by the Board of Commissioners. The town also shall maintain a checking account for disbursements. Other accounts can be maintained as is necessary, with board approval.*
- *Banking Relations – To ensure the lowest fees, best services, and highest rates of interest, the town's banking services will be continuously monitored and reviewed. No more than every five years, the town will issue a RFP (request for proposal) for banking services to get the most competitive services and rates*

available. RFP's will be reviewed and analyzed by town staff and officials, and a recommendation for services will be submitted to the Board of Commissioners for approval.

5. Capital Improvement Plan

Goal: The Capital Improvement Plan will be comprehensive and updated every year.

- The town will adopt a Capital Improvements Plan (CIP) every year prior to January 1. This plan will be a long-range plan that will forecast facility needs and requirements town-wide for each of the next five years.*
- In the CIP, staff will attempt to forecast projected revenues and resources required to finance the capital improvement plans.*
- In addition to facilities, the plan will include projections for equipment requirements valued in excess of \$5,000.*
- Long-term borrowing will be confined to significant capital improvements (or similar projects) that have an extended life and to instances when it is not practicable to provide financing from the current revenues. All other available and appropriate sources of financing will be exhausted before long term borrowing is pursued.*

6. Tax Rate and Fees

Goal: The town will establish a responsible tax rate and schedule of fees and will strive for public transparency in the establishment of these taxes and fees.

- The town will strive to maintain the tax rate and fees at the lowest possible level.*
- The town will strive to educate the public concerning the fact that the Town of Wendell is the only town in Wake County that does not provide municipal fire service and for which fire service is provided through a county fire district and a county fire district tax.*
- Whenever possible, fees will be established at rates that allow those using / benefitting from public services to pay for those services.*
- The tax rates and fee schedule will be reviewed annually as part of the budget development process.*

ADOPTED this the 26th day of May 2009.

Proposed Policy:

The Town of Wendell has an important responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan the adequate funding of services desired by the public, including the provision and maintenance of public facilities. The desires of the public in the provision of public services are imperative, and it is the role of the Board of Commissioners to communicate the public's desires.

In these economic times, the town needs to ensure that it is capable of adequately funding and providing those government services desired by the community.

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1. Accountability

2. *Budget*
3. *Fund Balance and Reserves*
4. *Cash Management*
5. *Capital Improvement Plan*
6. *Tax Rate and Fees*
7. *Debt Management*
8. *Asset Replacement Schedule*

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- *Expenditures will be monitored through the accounting system with monthly reports to assure budgetary compliance.*
- *Reports demonstrating the status of financial activity and results (including an annual independent audit) will be prepared on a timely basis and in compliance with Generally Accepted Accounting Procedures (GAAP).*
- *The Town will prepare and submit a Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA).*

2. Budget

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- *During the budget development process, the town staff will strive to show and explain where areas of increased needs exist.*
- *After a thorough budget process, an annual comprehensive budget will be adopted by ordinance. A detailed budget document disclosing all anticipated revenues and authorized appropriations for operating and capital expenditures will be prepared and published. The budget will establish the level of services to be provided by each department with anticipated revenues and available resources.*
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adequate liquidity to provide for limited interruptions in revenues (natural disasters, unexpected loss of revenue source, etc).

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- *In addition to facilities, the plan will include projections for equipment requirements valued in excess of \$5,000.*
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- *Whenever possible, fees will be established at rates that allow those using / benefitting from public services to pay for those services.*

- *The tax rates and fee schedule will be reviewed annually as part of the budget development process.*

7. Debt Management

Goal: The Town will use a balanced approach to funding capital improvements, projects, and vehicle and/or equipment needs.

- *The balanced approach will consist of various funding options to include utilizing debt financing, draws on fund balances in excess of policy targets, and current year (pay-as-you-go) appropriations.*
- *The general fund debt as a percentage of total assessed value of taxable property should not exceed 2.5%.*
- *The ratio of debt service expenditures as a percentage of total general fund expenditures should not exceed 15% with an aggregate ten-year principal payout ratio target of 55% or better.*

8. Asset Replacement Schedule

Goal: The Town will set forth an outline/criteria for the replacement of Town owned vehicles and equipment in order to ensure that replacement is in the most efficient and cost effective manner.

- *The criteria chart (see attached) takes into account age, mileage, condition, services, reliability, and maintenance costs to serves as the general indicator for initiating vehicles and equipment replacement.*
- *Each vehicle and piece of equipment accumulates points using the criteria chart. Once all points have been totaled for each vehicle and piece of equipment, a replacement rating will be assigned (Good, Poor, and Priority). The criteria chart (see attached) will provide descriptions of the replacement rating.*

Town Manager Piner and Finance Director Kay provided an overview of the current and proposed Financial Policies; current and proposed policies included above in italics.

Summary of the Board recommended edits to the Proposed Financial Policy:

<p>For Item 3:</p> <p><i>Goal: The Town will strive to maintain a General Fund fund balance of 40% (as measured on June 30th of each year) of total budgeted expenditures.</i></p>
<p>For Item 4:</p> <p>Preference is to remain local with financial services.</p> <ul style="list-style-type: none"> • <i>Banking Relations – To ensure the lowest fees, best services, and highest rates of interest, the town’s banking services will be continuously monitored and reviewed. No more than every five years, the town will issue a RFP (request for proposal) for review banking services to get the most competitive services and rates available. RFP’s will be reviewed and analyzed by town staff and officials, and a recommendation for services will be submitted to the Board of Commissioners for approval.</i>
<p>For Item 5:</p> <ul style="list-style-type: none"> • <i>The town will adopt update a Capital Improvements Plan (CIP) every year and provide a copy to the Town Board. prior to January 1. This plan will be a long-range plan that will forecast facility needs and requirements town-wide for each of the next five years.</i>

For Item 2:
Add as a bullet:
If the proposed budget is presented as balanced with no rate increase – done. If the presented balanced budget includes an increase, staff must also present a balanced budget showing a decrease in the amount as the increase.

ACTION:
Amend the proposed policy and remit the revised finance policy to the Town Board for action.

3b. ASSET REPLACEMENT SCHEDULE (POLICY)
SPEAKERS: Town Manager Piner and Finance Director Kay
ACTION: Board may take action.

WS Agenda Item 3b, Attachment A

Town of Wendell
Asset Replacement
Criteria Chart

Type	Points	Description
Age	1	One point assigned for each year of the chronological age, based on in-service date
Mileage/Hours	1	One point assigned for each 10,000 miles of operation or 250 hours
Type of Service	1	Standard sedans, SUVs, Light Trucks (includes admin police vehicles)
	2	Vehicle/equipment that pulls trailer, hauls heavy loads, or has continued off-road usage
	3	Police patrol vehicles, heavy equipment used daily
Condition	1	Good condition - minor imperfections in body and paint surface, interior fair (no rips, tears, burns), good drive train
	2	Poor condition - noticeable imperfections in body and paint surface, minor rust, bad interior (one or more rips, tears, burns), weak /noisy drive train
	3	Damaged/lemon condition - previous/current accident damage, poor body and paint surface, rust (holes), bad interior (rips, tears, burns), drive train components damaged or inoperable
Maintenance Cost	1	Low maintenance - costs are less than or equal to 30% of replacement cost
	2	Medium maintenance - costs are 31% to 70% of replacement cost
	3	High maintenance - costs are greater than 71% of replacement cost

Point Range	Rating	Description
22+	Critical	Asset qualifies for priority of replacement
17 - 21	Poor	Asset qualifies for replacement
0 - 16	Good	Asset does not qualify for replacement

Town Manager Piner and Finance Director Kay provided an overview of the asset replacement policy.

ACTION
Use the criteria as a guide for a year and evaluate and revise if needed.

4. Discussion of Capital Improvement Plan (C.I.P.) Prioritization
SPEAKERS: Town Manager Piner and Finance Director Kay

a. School of Government Criteria for Prioritizing Initiatives

Possible Criteria to Prioritize:

1. ***Meets legal mandates*** – required by state or federal statute, court order, or regulation, or a project that moves a local government into further compliance with mandates
2. ***Removes or reduces hazards/Safety or environmental impact*** – eliminates or reduces obvious hazards or threats to public health and safety
3. ***Advances the Council’s goals/Consistency with Comp Plan*** – addresses the goals approved by the Council
4. ***Addresses maintenance and replacement*** – extends the useful life of a capital asset or replaces the asset, which continues or expands service provision
5. ***Supports economic development*** – directly supports or benefits economic development, job growth, and increased local government revenues
6. ***Improves efficiency*** – Lowers operating costs or increases productivity
7. ***Facilitates new services*** – makes possible new services or programs
8. ***Offers convenience*** – item that is convenient for the users or staff

Source: Marlowe, Justin, William C. Rivenbark, and A. John Vogt. Capital Budgeting and Finance. Second ed. Washington, DC: ICMA, 2009. Print.

Town Manager Piner stated the *School of Government Criteria for Prioritizing Initiatives* was provided by Facilitator Lydian Altman as information.

b. DRAFT Capital Improvement Plan (C.I.P.) [as presented at the 2016 Mid-Year Retreat]

Town Manager Piner and Finance Director Kay provided an overview of the DRAFT Capital Improvement Plan (C.I.P.) [C.I.P. presented at the 2016 Mid-Year Retreat].

Commissioner Myrick questioned if there is criteria used by staff before placing an item on the C.I.P. Town Manager Piner stated it is reviewed and staff researches.

Commissioner Myrick questioned if staff evaluates options and cost when placing items on the C.I.P. Town Manager Piner stated a request is reviewed to see what it will do for the requesting department as well as other departments.

Commissioner Joyner provided the following comments for the C.I.P. working document:

- Administration Department – does not anticipate Town Hall research
- Information Technology – fiber installation is a no vote
- Information Technology – Wi-Fi maintain what we currently have

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- Information Technology – network security audit and immediate remedy not seen as a need externally
- Community Development & Planning – would like to see an older vehicle re-purposed for the 4-cylinder truck for code enforcement
 - Town Manager Piner stated it may be that truck from public works is re-purposed. A truck is preferred when stopping to pick up signs or debris from the side of the road.
- Community Development & Planning – requested an explanation of the cost for the small area corridor plan and added he is a proponent of connectivity with Wendell Falls
- Community Development & Planning – requested an explanation of the cost for the Comprehensive Plan/Future Land Use Map Update and exploring the option of a college intern to help with this project
- Police Department – requested the cost estimates for the police substation and balancing office space with vehicles
- Police Department – enclosed trailer used to store the utility vehicle and questioned if it could be stored at the new public works facility
- Police Department – bulk evidence/property storage facility questioned if that can be incorporated into the substation plans
- Copiers – lease versus purchase
 - Commissioner Myrick stated he sees options to explore for technology within the Town. A lease would allow the return of the old and the receipt of new.
 - Commissioner Joyner stated he heard VC3 as a vendor and requested reaching out to other Towns to hear about experience with VC3.
- Public Works – brine production and spray system
 - Commissioner Myrick stated it may be less expensive to have a contractor on call.
 - Commissioner Joyner stated there may be an option to create our system for less cost than purchasing a brine system.
 - Commissioner Myrick added that a contractor reduces compensatory time for employees and NCDOT contracts for brining.

Mayor Gray questioned the line item under Public Works for office space and conference at public works. Town Manager Piner stated at the moment anyone may enter the facility. This would be a way to guide persons who come to the public works facility.

Commissioner Joyner stated if the Town builds an area for the public to come in the next request is for a person to receive visitors.

Mayor Gray stated a fence around the Town equipment may keep it secure and minimize the public being in an unsafe work area.

5. Discussion of Goals, Priorities, and Strategies

- a. Wake County Board of Commissioners Board Summary of Goals, Objectives, and Initiatives**
- b. Wake County Board of Commissioners Goals, Objectives, and Initiatives**
- c. Town Board Snap Shot**

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Town Manager Piner and Finance Director Kay reviewed the attachments for the Goals, Priorities and Strategies.

Town Manager Piner reviewed the items of the Snap Shot Goals, Priorities, and Strategies:

- Police Department Open at Lunch
- Bathrooms at the Concessions Stand open
- Basketball Goal at the Police Department
- Staffing needs assessment

Mayor Gray stated concern with ranking as all the items are important.

Commissioner Joyner stated he understands the bathrooms are open. He questioned if these are locked each night. Town Manager Piner stated no.

Commissioner Joyner would like the bathrooms locked at night so they are not vandalized.

Mayor Gray stated she would like the bathrooms open seven days a week because the park is used on the weekends. She hears the building of bathrooms and we have locked bathrooms at the concessions stand. She stated the park is closed at night, and no one should be in the park.

Commissioner Joyner stated with opening and closing bathrooms each day, the Town will know if something is wrong at the bathrooms within 12 hours.

Town Manager Piner stated in the works is chaining off of the lower lot in the evenings at the park. Parks & Recreation has cleaned up the brush to have better line of sight for the lower lot.

Mayor Gray questioned who completes the service priorities and staffing components.

Town Manager Piner stated she believes this section came about because of the discussion of the leaf and limb pickup or other services the Town Board may wish to modify.

Town Manager Piner stated the financial component has been completed. The new software will include a dashboard.

Mayor Gray stated for the time being she recalled this being at the Town Board's seat for the meeting.

Special Assistant to the Manager Scoggins stated her understanding from the retreat is the Snap Shot would be placed at each seat the first board meeting of the month and that Commissioner Boyette would bring up the re-evaluation of the Snap Shot form at the July meeting.

6. ADJOURN.

ACTION:

Mover: Commissioner Joyner moved to adjourn at 8:22 p.m.

Vote: 4-0.

Duly adopted this 13th day of March 2017, while in regular session.

ATTEST:

Virginia R. Gray, Mayor

Sherry L. Scoggins, MMC; Town Clerk