

RECESSED MEETING SPECIAL MEETING

The Town Council of the Town of La Grange, North Carolina met in Recessed Session at the Town Hall on June 10, 2010, from the June 7, 2010, Regular Session at 5 p.m. with the following present:

Mayor Woodard H. Gurley; Council Members Larry Gladney, Clifton Harrison, David S. Holmes, Veronica Lee and Gregory Rouse; Town Manager, John P. Craft; Town Attorney, George Jenkins, Jr.; Town Clerk, Nelda H. Johnson, CMC.

Absent: Mayor Pro Tem Bobby Wooten

Guest: 3

ITEM 1, 2: CALL TO ORDER AND MOMENT OF SILENCE

Mayor Gurley called the meeting to order and stated that the meeting was a continuation of the recessed meeting of June 7, 2010 and then asked for a moment of silence; after which, he turned the meeting over to Manager Craft.

ITEM 3: HIGHLIGHTS OF THE FY 2010-2011 BUDGET

Manager Craft stated that he was planning to first review the highlights of the budget with the Council Members and encouraged questions and comments anytime during the presentation.

- Tax Rate remains at \$0.45 per \$100 in valuation
- Increased Retirement Contributions required by State Retirement System (up from 4.88% to 6.43%, a 32% increase)
- Increased Health Insurance Costs (17% Increase)
- Increased water purchase costs due to contract with Town of Farmville (now totaling nearly \$400,000 annually)
- Budget reflects reduced Sales Tax Revenues
- Budget reflects reduced revenues from Powell Bill Funds
- Budget reflects reduced revenues from investment income
- Recommends a \$1,500 utility deposit for commercial customers who don't choose the prepaid option, once available
- Requires \$450 deposit for customers with poor credit that do not go on prepaid, once available
- Continues significant reduction in expenditures within the Police Department as a result of contract with Lenoir County
- Continues Marketing Campaign
- Reduced funding to continue the demolition of dilapidated structures
- Will have to amend budget if PARTF Grant is obtained
- Continues CWMTF Grant Project
- Does not include a cost of living (COLA) for Town employees due to increases in personnel related costs
- Includes \$1 per month increase in landfill fees to cover increased solid waste tipping fees
- Includes a recommended \$6.25 per month, per account increase to water flat rate charges
- Includes a recommended \$4.50 per month flat rate increase for sewer and \$0.02/100 gallons of treated wastewater
- No increases are proposed in electric rates
- Non-Profit Funding
 - \$5,000 Appropriation to Recreation Reserve
 - \$4,000 Chamber of Commerce
 - \$21,700 Library Funding
 - \$500 Arts Council
 - \$500 Boy Scouts

- \$5,050 Council on Aging

- Reduces withdrawals from Fund Balance to \$10,661 for the year
- NC League of Municipalities (NCLM) Insurance Trust – Cost of health insurance for general employees is \$556 per month or \$6,672 annually per employee
- Retiree Health Insurance Coverage is \$778 per month or \$9,336 annually per month per retired employee that is vested
- Total annual expenditure through the NCLM for FY 2010-2011 is \$145,440

At this time Manager Craft related to the Council that he is investigating the possibility of joining the State's health insurance plan. The monthly cost for general employees is lower than the NCLM and the retiree cost is higher; but, a savings could be realized with the State's health plan. A special act of the Legislature and acceptance by State Plan Officials is required to be accepted into the State's health plan. Also, Manager Craft stated that he is working with Blue Cross Blue Shield to obtain a quote.

Manager Craft recommended to budget for the NCLM (Municipal Insurance Trust) plan and then transition to the most cost effective plan should it become available. Also, to end retiree health coverage immediately, this would affect only one remaining Town employee, Tyrone Morgan. The Town cannot remove this benefit coverage for Aubrey Rouse and Andrew Whitfield as they are fully vested and already retired.

Manager Craft continued to review the proposed FY 2010-2011 budget by Fund and by Department.

GENERAL FUND

- \$1.00 per month increase in landfill fees due to increased tipping fees imposed by Lenoir County
- Re-instatement of Building Permit Fees.

Manager Craft stated that there has been no change in the issuance of permits or the level of interest in building as a result of the prior elimination of building permit fees in November 2009.

GENERAL GOVERNMENT

- Overall increase in department primarily due to Main Street Solutions Grant expenditures of \$200,130. which includes renovations to the Harvey Building and improvements to Sutton's Grill and Harrison Accounting
- Streetscaping (\$12,500 unmatched) Manager Craft stated that he did included funds for Streetscaping; but, the Town did not receive funds from the Main Street Solutions Grant. The Town is working to try to get that funding restored.
- Includes \$5,000 for marketing campaign
- Includes \$10,000 for demolition of dilapidated structures

ADMINISTRATION

- Overall increase in department primarily due to increased salary and personnel related expenses. A portion of salaries, benefits, and personnel related expenses of the Town Manger, Finance Director/Town Clerk, Billing Clerk, and Collections Clerk is funded from Administration

POLICE DEPARTMENT

- Slight decrease in expenditures due to savings realized because of Law Enforcement Services Contract with Lenoir County.
- Includes funds for insurance, utilities, telephone and building maintenance
- Includes funding for Law Enforcement Officer Separation Allowance as mandated by State Law
- Contingency funding in case of major, unanticipated repairs to vehicles

NOTE: Mayor Pro Tem Wooten had informed Manager Craft that he desired to participate in the meeting by phone conference just prior to the Public Hearing to begin

at 6 pm. When the Clerk called Mayor Pro Tem Wooten by the phone number provided, he was not available.

At this time, 6 pm, Mayor Gurley declared the Public Hearing open for the purpose of hearing public comment from the public regarding the FY 2010-2011 proposed budget.

There were no comments.

Motion was made by Council Member Gladney, seconded by Council Member Holmes to close the public hearing. Motion carried 5-0 in favor of motion.

Manager Craft continued review of the budget by each department.

FIRE DEPARTMENT

- No change in expenditures due to the fact that the Fire Chief has not changed his requested funding level from the Town in light of current economic conditions
- This portion of the budget has been previously approved by the Town Council

STREET DEPARTMENT

- Major decrease primarily attributed to funding approved and allocated for the construction of Sutton Acres Phase II, (Section 3) is not included in this year's budget
- Does include funding for storm drainage improvements on West Boundary Street
- Includes funding for retiree health insurance

Council Member Gladney brought to Manager Craft's attention the major problem with drainage on East Boundary Street as well.

Manager Craft stated that the drainage project would be a several year process due to funding.

- Includes \$35,000 in funding for purchase of new dump truck chassis to replace truck that is due for replacement and is also currently out of service
- Additional funding for the replacement truck that is in Water Distribution and Wastewater Collections budgets as well

POWELL BILL

- Major decrease primarily due to the fact that Sutton Acres Phase II Section 3) and resurfacing of existing streets is not included within next year's budget
- Includes funding for storm drainage system improvements on West Boundary Street
- Decreased revenues are anticipated from the State
- Does not appropriate Powell Bill Fund Balance
- Includes funding for snow plow purchase this year

SANITATION DEPARTMENT

- Major increase primarily attributed to increase in tipping fees
- Fuel and vehicle maintenance are major expenditures within the department; higher than anticipated due to major repairs on one of the vehicles in previous year
- Includes funding for spraying of mosquitoes (Grant was applied for, but unsure if funded)

RECREATION DEPARTMENT

- Includes funding to complete the sprayground construction, and increased funding to operate the sprayground
- Does not assume receipt of PARTF Grant due to State's budget shortfall. If the PARTF Grant is funded, the budget will have to be amended
- \$5,000 to La Grange Recreation Association

Manager Craft discussed with the Council the need to install a fence around the vault that houses the sprayground equipment at the park so that the area would be attractive

and for protection of the equipment. He recommended a solid 6' fence made of white vinyl PVC with a top border of lattice. The Council had no objections.

CEMETERY DEPARTMENT

- No longer will include major expenses for contracted services expenditures for maintenance of cemeteries
- Includes new position as previously approved for Public Services to mow cemeteries and supervise the 4 additional inmates that will be used to maintain the cemeteries
- Includes funds to purchase new small lawnmower to be used in cemetery

Council Member Holmes mentioned that some of the lanes at Fairview Cemetery were in bad condition and needed to be repaved.

Also, the need for bathroom facilities at the cemetery was mentioned because of the inmate laborers that would be helping maintain the cemetery grounds beginning July 1.

CLINIC

- No funding, all expenditures moved to appropriate departments, General Government, Administration, Council on Aging

LIBRARY

- Continues funding at current levels
- Appropriated \$21,700 to operate budget
- No major Capital Expenditures
- Maintenance of building
- Utilities, make up a large percentage of budget

COUNCIL ON AGING

- \$5,050 total appropriation
- Primarily insurance and utility funding

SCOUT FACILITY

- \$500 Appropriation for local programs
- Insurance and Utilities

WATER AND SEWER FUND

- Increase primarily due to increased water purchase requirement due to the Farmville Water Right withdrawal contract
 - Current year purchases calculated and based on: 82,619 gallons per day From July 1, 2009 – January 31, 2010; increasing to 500,000 gallons per day from February 1, - June 30, 2010 for a total of 93,541,557 gallons of water annually, at a cost of \$187,083.33
 - FY 2010-2011 purchases calculated and based on: 500,000 gallons per day or 182,500,000 gallons of water annually, at a cost of \$399,675 annually
 - Cost based on \$2.00 per 1,000 gallons plus CPI increase of .19 or \$2.19 per 1,000 gallons over the 3 year period since signing agreement
 - Difference on cost of \$212,592 in water purchases alone this year \$34,675 due to increase in CPI, as required by Water Withdrawal Right Purchase Contract
 - This is the last increase in volume of purchases, any future increase will be due to CPI only, unless Town amends contract, but can't see a need for that at this time
 - Dependent on consumption over this year, a small increase may be required next year.
- Debt Service for Well Project
- Matching Funds for CWMTF Grants and Rural Center Grants
- Capital Outlay for dump truck replacement and one truck for Wastewater Treatment and Water Supply

- Includes \$6.25 per month increase to flat rate fees for all water accounts
- Includes increase in sewer flat rate of \$4.50 per month per customer
- Includes increase in consumption charges of \$0.02 per 100 gallons of water
- Additional revenues are necessary to meet additional water purchases

ELECTRIC FUND

- No increase in electrical rates
- Capital Outlay for construction of building as previously discussed
- Capital Outlay for walk behind trencher
- Limited funding for finalization of AMR system
- Funding to operate prepaid system is included
 - Funding for Capital Expenditures is available due to the retiring debt of Electric System Upgrade and completion of Sutton Acres project

After Manager's Craft's completion and review of the budget, motion was made by Council Member Gladney, seconded by Council Member Rouse to adopt the FY 2010-2011 Budget Ordinance Budget and budget as presented. Motion carried 5-0 in favor of motion. Copy of Budget Ordinance hereto attached.

Manager Craft stated that he would like a separate motion on the Council's position on the continuation of retiree health insurance coverage. This benefit was begun in September 1994 and at the present time only one employee remained on the eligible list and that was Tyrone Morgan. This benefit requires 25 years of credible service to be vested with the Town and at present Tyrone has 16 years. Due to the continuation of increasing insurance costs for retirees, Manager Craft recommended that this benefit be discontinued immediately. Manager Craft further stated that former employees Aubrey Rouse and Andrew Whitfield were already fully vested and were retired and that their health insurance coverage would continue until age 65.

After discussion among Manager Craft, the Council and a verbal statement from Mr. Morgan, motion was made by Council Member Harrison, seconded by Council Member Rouse to discontinue retiree health insurance coverage immediately for non vested employees. Motion carried 4-1 with Council Member Gladney voting in against the motion.

Motion was made by Council Member Gladney, seconded by Council Member Harrison to adjourn. Motion carried 5-0 in favor of motion.

Nelda H. Johnson, CMC, Town Clerk

Woodard H. Gurley, Mayor