

Special Meeting Minutes
May 27, 2014

Mayor Lewis called the special meeting to order at 9:00 a.m. and gave the invocation. Members present were Commissioners Harold Meacombs, Danny Alford, Cherrye Davis, and J.W. McClenny. Commissioner Ann Lewis was absent. The only guest was Amanda Clark with the **Nashville Graphic**, along with Police Chief Dennis Murray, Sergeant Scott Pollard, and Auxiliary Officer Roger Shearin.

The purpose of the special meeting was to present and discuss the proposed 2014-2015 Budget. The budget presented totals \$1,297,150. The General Fund Budget totaling \$803,120 uses \$165,985 in fund balance. Powell Bill represents \$83,000 of the General Fund Budget and needs \$56,500 for the Powell Bill fund balance.

The first topic Mayor Lewis discussed was a spreadsheet presented listing all CD reserves which were closed since 2007 for capital improvements to public buildings and town property, equipment purchases, and to pay off debt service. In comparison, also included were CD's opened. He pointed out that John Anthony, the town's independent auditor, has been advising the town we need to begin replacing some of the reserves. Mayor Lewis summarized by asking, "Can we continue to make improvements to the town without a tax increase?" He said, "probably not", adding that no one wants to raise taxes, but the tax rate has not been increased since 1992. He also added since Middlesex is compared to Bailey a lot, he noted the Bailey tax rate of \$.61/100. Not only can the town not replace the reserves used, but no capital equipment purchases or building improvements or other needed General Fund capital needs can be supported without further dipping into reserves.

Mayor Lewis noted that the budget presented is based on the \$.50/100 current tax rate. Lewis referred to a spreadsheet which indicates the revenue which would be generated from tax increases in one-cent increments from the current \$.50 rate to \$.55/100.

Lewis then reviewed the expenditures for each department, noting that some percentages for salary and benefits distribution across departments were changed from the current year to more accurately reflect activities. He also advised that all requested salary changes are included.

Items highlighted in various departments in the General Fund were as follows:

- Capital outlay of \$4,000 was included for the community building for inside work. He noted the town has spent \$12,000 in improvements at the community building in two years. Income for the current year to date is \$2,000 so improvements are supported by tax dollars.
- In the Police Department budget, four (4) Glock handguns were included in departmental supplies, and \$20,000 was placed in capital outlay representing a

used Crown Vic police cruiser, and \$5,000 for heating and air in the police department building. In Mayor Lewis's opinion, this budget cannot stand a new vehicle. Also included was \$2,560 for soft body armor, of which 50% is to be covered by a grant which Chief Murray will apply.

- Paving in the amount of \$80,000 is included in Powell Bill expenditures, but all may not be used.
- In the Sanitation Department, the Waste Industries price increase added \$1,000 to contracted services.
- No capital expenditures are budgeted in the Parks Department for 2014-2015. The second shelter at the Hanes Park will be completed in the current budget.
- Swimming pool expenses are budgeted about the same as the current year. Previous budget discussions left the fees the same. The baby pool will be filled in with concrete in the current budget. Mayor Lewis commented that the swimming pool has been supported by tax dollars. Commissioner Meacombs added that when the town purchased the pool last year, the Board agreed to look at the revenues and expenditures once the town had operated the pool for a couple of years, and they will need to do this before the 2015-2016 season.
- In non-departmental, the Christmas Program and lights were budgeted the same as the current year.
- Library expenditures include the three-month fee for the new One Card System, which will run from March to March. (The twelve month amount will be \$1,000).

Commissioner Alford stated he wants to hold the tax rate at \$.50/100. Mayor Lewis added that he doesn't see any way the town can replace any reserves if we remain at the current \$.50 rate.

The Sewer Fund budget totals \$351,530 and uses \$43,480 in fund balance. Collections are budgeted at \$285,000, the same as the current year budget. The current budget at \$83,000 in treatment costs to Raleigh will probably go over budget in the current trend continue with monthly bills running \$8,500 each. Smoke testing last week yielded only one problem. Mayor Lewis emphasized it is not so much the inflow or flow charges as the solids the town is being charged for (TSS and BOD). As the sewer pumps are fixed, the Raleigh bills should decrease. The City of Raleigh advised Friday they are including no increases in their proposed budget. The \$15,750 in the current budget for lift station overhauls was carried forward to the 2014-2015 budget. The High Unit Cost Grant of \$67,000

was not awarded and we should hear from the CDBG application by the end of May or first of June. If not awarded, the town will reapply September 1, 2014. The town can also check into local financing at a low interest rate if it is imperative we move forward with correcting lift station problems.

The Water Fund budget totals \$142,500 and uses no fund balance. Collections are budgeted at \$130,000, the same as the current year. Envirolink's 2% increase is included and \$8,000 is budgeted for a Water Tower Contract. The Board can decide at the June meeting whether to enter into a contract, or pay as we go for needed maintenance.

"What it (this budget) comes down to" Mayor Lewis summarized, "is if the Board is satisfied with the current \$.50/100 tax rate". He commented that the evaluation in 2016 may go up some, but does not think it will go up dramatically. The evaluation may end up flat. He also pointed out that had the Board gone up a penny or two each year or most years, the tax rate would already be a \$.55/100.

Commissioner McClenny noted the town spent a lot on the East Hanes Avenue land purchase and other improvements recently. Mayor Lewis added that if the Board wants to pursue the purchase of adjoining land at the cemetery or extra space for town hall, all of this would have to come from reserves. He noted neither of these items are included in the proposed budget.

Commissioner Meacombs reminded the Board that any changes must be made today so a final budget can be presented at the June 12, 2014 meeting, or they must meet again. He also added that if there are no changes, the budget they are looking at will be the budget presented and adopted on June 12. Commissioner McClenny stated he would like Commissioner Ann Lewis to be present when the decisions were made. Mayor Lewis suggested the Board could recess and reconvene at a later date to continue these budget discussions. He expressed that he wants everyone to be satisfied and on board with their decisions and the new budget.

Commissioner Meacombs asked if the Board could go into Closed Session to discuss a personnel matter. Mayor Lewis said, "Yes, if it is directly related and will effect the 2014-2015 budget figures". Commissioner Meacombs moved to go into Closed Session under G.S.143-318.11(a)(6) to discuss a personnel matter. Commissioner McClenny seconded and the motion passed.

Back in Open Session, and after a brief discussion, Commissioner Meacombs moved to recess the meeting and reconvene the 2014-2015 budget discussions on Monday, June 2, 2014 at 5:15 p.m. Commissioner McClenny seconded and the motion unanimously passed.

Jennifer Lambert, Clerk

Mayor Luther H. Lewis, Jr.
Commissioners
Harold Meacombs
Danny Alford
Cherrye Davis
J.W. McClenny