

Special Meeting Minutes
June 27, 2013

Mayor Lewis called the Special Meeting to order at 8:30am to approve 2012-2013 Budget amendments, adopt the 2013-2014 Budget Ordinance, and various motions to hire and terminate employees. Commissioners Harold Meacombs, Danny Alford, Cherrye Davis, Dale Bachmann, and J.W. McClenny were all present. Police Sergeant Scott Pollard attended in Chief Murray's absence. The only guest was Joe Burnette, Spring Hope Enterprise reporter.

Mayor Lewis requested to add to the agenda to hire a part time Utility Worker and to discuss the purchase of a tractor, loader and mower. The amended agenda was unanimously approved by a motion from Commissioner Alford and seconded by Commissioner Meacombs.

Commissioner Meacombs moved to terminate part time Police Officer William Wheeler effective June 13, 2013. Commissioner Alford seconded and the motion passed unanimously.

In a motion made by Commissioner Bachmann and seconded by Commissioner McClenny, Casey Liles, Laura Garcia, and Ashley Daw were hired as seasonal part time pool attendants at \$8.00 per hour effective June 17, 2013.

Budget amendments for the Free Will Baptist Children's Home Water Line Project based on the final figures at completion were approved with a motion by Commissioner McClenny and seconded by Commissioner Davis. The vote was four to one, with Commissioner Bachmann casting the dissenting vote. He requested the records reflect that, as Water and Sewer Commissioner, he was never advised of any of the project changes. The project came in under budget by \$12,736.00. The final approved project budget is as follows:

<u>ACCT #</u>	<u>PROJECT REVENUES:</u>	<u>AMOUNT</u>
42-370-6400	DWSRF 100% Principal Forgiveness Loan	<u>418,992.00</u>
	TOTAL PROJECT REVENUES	<u>418,992.00</u>
	<u>PROJECT EXPENDITURES:</u>	
42-810-2000	Engineering Design	45,071.00
42-810-2001	Construction Inspection/Administration	75,903.00
42-810-2002	Grant/Loan Administration	15,000.00
42-810-3000	Legal, Adv, & Administration	7,667.21
42-810-3300	Service Material	7,005.98
42-810-4500	Construction	245,219.81
42-810-5600	Acreage Fees	9,990.00
42-810-5700	Connection/Impact Fees	13,125.00
	TOTAL PROJECT EXPENDITURES	<u>418,982.00</u>

Budget amendments requested for the final 2012-2013 budget in the General Fund were presented as follows:

GENERAL FUND EXPENDITURES:		<u>INCREASE</u>	<u>DECREASE</u>
<u>Police Department:</u>			
10-510-0200	Salaries	6,815.00	
10-510-0500	FICA Employers	520.00	
10-510-0600	Group Insurance	100.00	
10-510-0700	Retirement	400.00	
10-510-0900	401K	300.00	
10-510-1300	Utilities	200.00	
10-510-3100	Auto Supplies	1,850.00	
10-510-6600	Training	35.00	
10-510-1500	Maint. Of Bldgs & Grounds		400.00
10-510-1600	Maint. Of Equipment		500.00
10-510-1100	Phones, Postage		500.00
10-510-2600	Advertising		100.00
10-510-4500	Contracted Services		2,000.00
10-510-7400	Capital Outlay		1,065.00
<u>Parks & Recreation:</u>			
10-590-1500	Maint Bldg & Grounds	500.00	
10-590-7400	Capital Equipment	550.00	
<u>Streets & Sidewalks:</u>			
10-560-4500	Contracted Services		1,500.00
10-560-7100	Patching		1,000.00
<u>Cemetery:</u>			
10-640-4500	Contracted Services		1,000.00
<u>Economic/Phys Dev/Zoning:</u>			
10-490-3800	Professional/Legal Service		2,000.00
<u>Administration:</u>			
10-420-6501	Testing/Drug/Employment	-	1,000.00
10-420-6600	Training		205.00
Total General Fund		11,270.00	11,270.00

Commissioner Meacombs moved to approve the above amendment. His motion was seconded by Commissioner Alford and passed unanimously.

Commissioner Bachmann recommended rehiring Angelo Cameron as a part time Utility Worker at \$10 per hour for three days per week effective June 28, 2013. Commissioner Davis seconded and the motion passed unanimously.

Mayor Lewis advised that after comparing price quotes from three businesses for a tractor and mower, he recommended the town purchase a Massey Ferguson 4608 Tractor, with a DL250 Loader with 72" bucket, and a swing arm Ferri 180 Side Mower. The mower has a 90-degree tilt up for brush cutting and a 50-degree down angle for cutting ditches. Barnes Equipment, Inc. in Sims is offering the best deal and allowing the town \$8,000 for the Massey Ferguson 240. The purchase price of \$52,000 is

reduced by the \$8,000 trade-in allowance, leaving \$44,000. Mayor Lewis stated that since 50% of the streets in town are Powell Bill streets, half of the equipment, or \$22,000, will be paid with Powell Bill funds, leaving \$22,000 to be paid from the General Fund Balance. Commissioner Alford moved to purchase the tractor and equipment from Barnes Equipment, paying \$22,000 from Powell Bill Funds and \$22,000 from the General Fund Balance and to approve a budget amendment to reflect using \$22,000 from General Fund Balance. Commissioner Meacombs seconded the motion and it passed unanimously.

Mayor Lewis reviewed the 2013-2014 Budget Ordinance and the three changes made since the June 10, 2013 Public Hearing. The three changes were as follows:

- 1) Changed the percentages budgeted for the Utility Dept. salaries split between various departments to more accurately reflect the workload.
- 2) Added \$3,000 to Capital Outlay in the Community Building for a total of \$6,000 to cover remodeling kitchen cabinets, bathroom, and entrance doors.
- 3) Added \$700 to Police Department Maintenance of Equipment to update two laptops from Windows XP to Windows 7 or 8.

Following is the complete 2013-2014 Budget Ordinance:

Be it ordained by the Board of Commissioners of the Town of Middlesex, North Carolina, meeting on June 27, 2013 that fund revenues; departmental expenditures; rate schedules; and any other policy changes are hereby adopted for fiscal year 2013-2014 by department as stated below:

SECTION I. GENERAL FUND (FUND 10) BUDGET

Total Revenues:	856,120
Expenditures by Department:	
Governing Body	17,060
Administration	169,525
Tax Collection	5,470
Legal	3,000
Economic/Phys Dev/Zoning	43,510
Public Buildings	21,250
Community Building	9,650
Police Department	270,735
Police Drug Fund	1,200
Streets & Sidewalks	59,845
Powell Bill Expenditures	103,000
Sanitation	81,635
Parks & Recreation	18,785
Swimming Pool	14,455
Cemetery	2,500
Non-Departmental	2,400
Library	32,100
Total Expenditures	856,120

SECTION II. WATER AND SEWER FUND (FUND 30) BUDGET

Water Revenues:	142,800
Water Expenditures:	142,800
 Sewer Revenues:	 340,430
Sewer Expenditures:	340,430
 Total Water & Sewer Fund:	 483,230
 GRAND TOTAL BUDGET:	 1,339,350

The General Fund budget requires \$180,620 in fund balance appropriations to meet expenditures. The Water Fund requires no fund balance to be appropriated, and the Sewer Fund budget requires \$32,830 from fund balance to meet expenditures.

SECTION III. Tax Rates:

The ad valorem tax rate will remain at \$.50 per \$100 at full evaluation and is the duly adopted tax rate for the Town of Middlesex during the fiscal year 2013-2014 for the 2013 tax year billing. The \$.05 fire district tax per \$100 evaluation is in addition to the ad valorem tax and Nash County remits the fire district tax directly to the Middlesex Volunteer Fire Department.

Nash County bills and collects all town property taxes for a 2% collection fee, and 1½ % vehicle tax collection fee. The town continues to collect all unpaid taxes for year 2011 and prior. The real and personal property valuation estimate for 2013 received from Nash County is \$43,090,000, and \$5,200,000 in vehicle values. At \$.50 per \$100 in valuation, estimated property tax revenues are \$215,450 and estimated vehicle tax is \$26,000; however, budget estimates must be based on the prior year collection rate. Budgeted property tax revenues are estimated at \$206,340 and vehicle taxes are budgeted at \$21,100.

SECTION IV. Workers Compensation and Property and Liability Insurance

The 2013-2014 Property and Liability Premium totaling \$19,205, less the incentive of \$1,422, leaves a net premium of \$17,783 compared to a final premium of \$17,665.46 for 2012-2013.

The Workers Compensation 2013-2014 estimated premium is \$8,606.23. This premium will be adjusted after a payroll audit in April 2014 and adjusted accordingly.

SECTION V. Nash County Library Contribution

Nash County's contribution to the Middlesex Public Library remains at \$13,230 for 2013-2014. However, Nash County just contributed \$5,414 in June 2013 for library software upgrades provided through Braswell Library.

SECTION VI. Powell Bill

The Powell Bill budget totals \$103,000 and includes \$20,000 for Middlesex's portion of the cost of installation of the Possum Road railroad crossing, \$3,000 in maintenance contracts for the Possum Road and Manning Street crossings, \$77,000 in paving, and \$3,000 in departmental supplies and other equipment maintenance. The fund balance appropriation needed is \$75,500.

SECTION VII. Parks and Recreation

The town will continue to budget for recreation services to cover full time staff to cover athletic and non-athletic recreation programs in Nash County. The contribution, based on Middlesex's population, is \$3,384 for 2013-2014.

The town completed the final \$50,000 payment of the \$250,000 match for the grant used to purchase the land for the Bailey Middlesex Park in October 2012. There are no appropriations for the Bailey Middlesex Park for the 2013-2014 year.

The \$15,000 budgeted in maintenance of buildings and grounds include \$9,000 for tin roofing for the picnic shelters at the West Hanes Park.

SECTION VIII. Swimming Pool

At the request of the Middlesex Swim Club, the town purchased the swimming pool at 11396 W. Stewart Street on June 4, 2013. It was no longer financially feasible for the private owners to continue operations. The swimming pool opened June 11, 2013. A season pass is available for \$250 and a ten-visit pass is available for \$40. The swimming pool expenditures totals \$14,455, while forecasted revenues are \$13,750.

SECTION IX. Public Buildings

Funds totaling \$15,000 were budgeted to remodel the old jail for fireproof storage space for town records, and possible renovations/repairs to the S. Nash Street buildings and Public Works building.

SECTION X. Community Building

Capital outlay totaling \$6,000 is budgeted for 2013-2014 for improvements to the community building to include kitchen cabinets, remodeling the bathroom, and changing entrance doors to open to the outside to allow more occupancy.

SECTION XI. Police Department

The 800 mhz portable radio at \$2,000 and audio and video equipment for the interview room for \$3,000 were not purchased in 2012-13 and will be included in the 2013-14 budget. Other requests approved for 2013-14 are: a fireproof file cabinet \$1,600, non-mandated training \$1,500, a desktop computer for Sergeant Pollard \$2,000, replacement of the front door at the police department \$1,700, carpet for two rooms \$2,000 and (2) 12 gauge shotguns, one for Officer Daughtry and one for Officer Drake's police vehicles. In addition, two laptops must be upgraded from Windows XP to Windows 7/8 operating system at \$350 each.

SECTION XII. Sanitation Rates

The sanitation rate remains unchanged with the residential monthly rate \$13.75 per month and \$21.50 for business consumers. This amount currently includes household and bulk garbage, recycle and yard waste programs. However, the town implemented recycling in the fall of 2009 and has never charged for this service. Recycling currently costs the town about \$13,000. A \$3.00 per month recycle fee will be added effective July 1, 2013 and it will be indicated as such on utility bills. Also included in the 2013-14 budget is \$5,500 to purchase 100 garbage and recycle carts at \$55 each, plus freight. Waste Industries will not increase July 1, as increases in their tonnage rate are usually in January. The rate increased 2% in January 2013.

SECTION XIII. Other Capital Projects

Logics, the town's Utility Billing and Financials Software Company, did not schedule the anticipated upgrade for Utilities, Service Orders, and Service Applications Software, so the hardware and software upgrade will be included in the 2013-14 budget. Tentatively, the upgrade is scheduled for August 2013. The estimated cost of \$15,000 is split evenly as follows: \$5,000 in the Administration Department, \$5,000 in the Water Fund, and \$5,000 in the Sewer Fund. The \$15,000 should also cover three computers, which must be upgraded to Windows 7/8 before December 2013, at which time Windows XP will no longer be supported.

The Free Will Baptist Children's Home Water Line Project is now complete. Once the sales tax refund has been applied for after June 30, 2013, and the revenues received, the project will be closed.

The East Coast Packaging Building Reuse and Restoration Grant will continue into the 2013-2014 fiscal year, and the budget remains unchanged from 2012-2013.

SECTION XIV. Other General Fund Items:

According to the Nash County Board of Elections estimate, the town's municipal election will cost \$1,750.

SECTION XV. Water and Sewer Rates

Sewer treatment rates from the City of Raleigh will increase 14% effective July 1, 2013. This increase is in addition to the 15% increase effective July 1, 2012. However, the town did not pass the increase along to consumers last year. Due to this total increase of 29%, the sewer rate per thousand gallons will increase \$.75, changing the rate from \$13.00 to \$13.75 per thousand gallons. The accessibility rates remain unchanged.

The 2013-2014 rate chart is as follows:

Water Accessibility Fee	\$8.00 per month
Water Usage Rate per 1,000 gallons	\$4.50
Sewer Accessibility Fee	\$15.00 per month
Sewer Usage Rate per 1,000 gallons	\$13.75

The Envirolink contract amount for water and sewer services will increase 2% for 2013-2014, increasing from \$2,628 to \$2,681 per month.

SECTION XVI. Water & Sewer Acreage & Impact Fees & Nutrient Reduction Fees

Fees for water and sewer taps, water and sewer acreage, and impact fees remain unchanged.

Nutrient reduction fees, also referred to as nitrogen fees, are to be charged to each customer for all new sewer connections and remitted to the City of Raleigh per our contract. The 2012-2013 rate is \$647.00 per connection for up to a four-inch connection. The 2013-2014 rate is unknown at this time, but the town must adopt Raleigh's rate when it increases.

SECTION XVII. Debt Service

Sewer debt service due to NC DENR for 2013-2014, totaling \$103,786.55 for the sewer line to Zebulon, has been placed in reserves at Heritage Bank. The town opted for early payoff of the Well #4 Water Loan to DENR and the Sewer Rehab USDA loan in February 2013, so the sewer line to Zebulon is the only outstanding loan for 2013-14 at this time.

SECTION XVIII. Other Miscellaneous Rates/Fees:

The fees for utility deposits, copies, faxes, dispensed water, community building rent and deposit, grave spaces, and grave opening fees remained unchanged. Irrigation water meters (not connected to the sewer system) were increased to \$500 effective May 13, 2013. Irrigation meter fees increased from \$200 to \$500 as costs have increased considerably since the last irrigation meter installation about three years ago.

SECTION XIX. Salary/Personnel Changes:

Merits increases have been given throughout the fiscal year for most employees, with some effective on the employee's anniversary date, and some to be effective July 1, 2013. No cost of living adjustments will be given for 2013-2014, only merit increases.

Following are the pay increases given in February 2013: Sergeant Scott Pollard \$.65 per hour, Officer Sammy Drake \$.45 per hour, Shelly Woodruff \$.60 per hour, and James Liles \$.60 per hour.

Following are the pay increases for July 1, 2013: Police Chief Dennis Murray \$.50 per hour, Utility Workers Herman Ellis and Jimmy Garcia \$.50 per hour, Town Clerk/Finance Officer Jennifer Lambert \$.60 per hour, and Sergeant Scott Pollard \$.25 per hour to be reviewed again in January 2014. The part time police officer's pay will be increased from \$10.61 per hour to \$11.00 per hour.

A part time Utility Worker is budgeted for \$12,480 split between various public works departments. We are currently reviewing applications to fill the vacancy.

Effective August 1, 2013, Officer Crystal Daughtry will receive a \$.40 per hour pay increase.

SECTION XX. Group Insurance Changes:

The Employee Medical coverage plan will change July 1, 2013 from a Blue Cross/Blue Shield Plan (BCBS) PPO Plan to a BCBS Health Savings Account (HSA), with a savings of \$3,315 over the current premium of \$46,828. The

individual deductible increases from \$1,500 to \$2,500, but the maximum out of pocket decreases from \$3,500 to \$2,500. After the \$2,500, everything is 100% covered. There will be no increase in out of pocket expense to the employees. The following Schedule B (Exhibit A) is a part of the Town of Middlesex Health Reimbursement Arrangement Plan Document and adopted as part of this ordinance:

SCHEDULE B - Exhibit A

The following represents the amount of and any limitations on reimbursements of Eligible Healthcare Expenses under the new "Heath Savings Account (HSA) Plan" through Blue Cross Blue Shield, which will be administered through the Town of Middlesex Health Reimbursement Plan:

Plan Description:

Deductible/ Annual Max Out of Pocket: After the employee satisfies the first \$1,000 of the max out of pocket expenses, the town's Health Reimbursement Plan will reimburse the last \$1,500 of the annual max out of pocket.

For further clarification: "Under the BCBS HSA Plan, all health care costs are due upon receipt of service, until the maximum out of pocket of \$2,500.00 is reached. Once this point has been reached, there will be no further expenses to the patient for any medical attention or prescriptions". There are no co-payments in this plan since it is a deductible plan only. If payment is required up front by a provider, the town's Health Reimbursement Plan will advance the employee any amounts due above the specified amounts of employee responsibility stated below upon proper documentation approved by the Town Administrator.

To ensure that covered employees share no extra cost of expenses from the *original health insurance plan (Cigna, through Municipal Insurance Trust)*, the town's current Health Reimbursement Plan will reimburse employees as follows:

Annual "Well Care" Visit:

No cost to the employee.

Primary Care Visit:

The employee is financially responsible for only \$15

Specialist Visit:

The employee is financially responsible for only \$25

Urgent Care Visit:

The employee is financially responsible for only \$25

Emergency Room Visit:

The employee is financially responsible for only \$150

Prescription Drugs:

Generic:	Employee responsibility: \$ 4.00
Preferred:	Employee responsibility: \$20.00
Brand:	Employee responsibility: \$40.00
Specialty:	Employee responsibility: 25% of total cost

The Health Reimbursement Plan has an expenditure budget of \$10,000 in 2013-2014.

SECTION XXI. Retirement Contribution Rates:

Retirement contribution rates received from the NC State Treasurer, Retirement Systems Division are as follows:

Local General Class:	7.07% (up from 6.76% in 2012-2013)
Law Enforcement Class:	7.28% (up from 6.77% in 2012-2013)

SECTION XXII. 401K Contribution Rates:

The town's 401k contribution rates remain unchanged for 2013-2014 as follows:

Local General Class:	3.5%
Law Enforcement Class:	5.0%

SECTION XXIII. Adoption of Ordinance:

This Ordinance shall be effective July 1, 2013 and is duly adopted this, the 27th day of June, 2013.

Commissioner Bachmann asked why sales tax refunds were not budgeted. Clerk Lambert explained that sales tax refunds are not revenues. She explained when invoices are paid, the sales tax is placed in a sales tax account and when the refund is applied for and received from NC Department of Revenue, the refund is posted to the same account, which is just a clearing account.

Commissioner Bachmann pointed out that he thinks current year tax collections budgeted at \$206,340 is too high. Mayor Lewis explained this represents the Nash County estimates received and the figure is based on the previous years' collection rate.

Commissioner Bachmann also questioned the budgeted amounts for police department salaries, adding he did not think enough money was budgeted to cover part time coverage for sick leave and vacation. Mayor Lewis assured him that the \$20,000 in part time pay should be sufficient.

Bachmann asked why no money was budgeted for reserve funds to be placed in CD's for the amount of loans paid off in 2012-2013. Clerk Lambert explained that CD reserves are not budgeted, but are an asset on the town's balance sheet. Bachmann stated that he would call the town's auditor.

The 2013-2014 Budget was adopted by a four to one vote, with Commissioner McClenny moving to approve the budget, and Commissioner Meacombs seconded. Commissioner Bachmann was the dissenting vote.

Being no further business, Commissioner Meacombs moved to adjourn.

Jennifer Lambert, Clerk

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