

TOWN OF MAIDEN

May 14, 2019

MINUTES OF REGULAR MEETING

The Maiden Town Council met on Tuesday, May 14, 2019 at 5:30 p.m. for the Annual Budget Meeting, held in the Community Room at the Maiden Town Hall.

Present for the meeting were Mayor Pro-Tem Max Bumgarner Jr, Councilmembers, Marcus Midgett, Danny Hipps, Ronnie Williams and Trina Michael. Mayor Robert L. Smyre was absent.

Also, present were Town Manager Todd Herms, Town Attorney Scott Conrad and Town Clerk Elizabeth Yokley-Krige.

Others attending: See attached sheet.

The meeting was called to order at 5:30 p.m. by Mayor Pro Tem Max Bumgarner Jr.

2. Approval of Agenda

MOTION WAS MADE BY COUNCILMEMBER DANNY HIPPS AND SECONDED BY COUNCILMEMBER RONNIE WILLIAMS TO APPROVE THE AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

3. Approval of Regular Meeting Minutes

MOTION WAS MADE BY COUNCILMEMBER TRINA MICHAEL AND SECONDED BY COUNCILMEMBER RONNIE WILLIAMS TO APPROVE THE REGULAR MEETING MINUTES FROM 4/9/19. MOTION CARRIED UNANIMOUSLY.

4. Consent Agenda

A. Finance Officers Report for April

B. Reschedule August Council Meeting to August 6th, 2019

MOTION WAS MADE BY COUNCILMEMBER RONNIE WILLIAMS AND SECONDED BY COUNCILMEMBER DANNY HIPPS TO APPECT THE CONSENT AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Police Chief Tracy Ledford informed Council the Police Department was sponsoring a shred day for the community on May 25th at 10 am.

5. Call for Public Hearing on Budget Ordinance

Mayor Pro Tem Max Bumgarner Jr announced the public hearing for the 19-20 Budget Ordinance would be held on June 11, 2019 at the next regularly scheduled Council meeting.

Councilmember Ronnie Williams asked if staff could verify committee membership and willingness to serve before Council seeks nominations.

6. Proclamations and Ordinances

A. National Poppy Day

The Town of Maiden recognizes National Poppy Day as a way the American Legion remembers those lost in war. It is attached.

B. National Peace Officers Week

Town Manager Todd Herms read the National Peace Officers Proclamation. It is attached.

C. Ordinance 7-2019 An Ordinance to Amend the Maiden Code of Ordinances-Special Events

Mr. Herms said the ordinance was developed by attorney Scott Conrad and Chief Tracy Ledford. They reviewed the ordinances other towns have in place for special events. It strengthens our ordinance in relation to alcohol. Councilmember Ronnie Williams asked if the state still had to approve permits to serve alcohol. Chief Ledford said the only agency that could approve that was ALE. Councilmember Midgett asked if applying for an alcohol permit required a name and background check. Chief Ledford said ALE handles that.

Chief Ledford said this ordinance allows alcohol to be served in designated areas. Councilmember Trina Michael asked if the area where alcohol was allowed would be marked off. Chief Ledford said it would be marked off. Councilmember Williams asked if children could be with their parents in the areas where alcohol was being sold and Mr. Herms said yes.

MOTION WAS MADE BY COUNCILMEMBER RONNIE WILLIAMS AND SECONDED BY COUNCILMEMBER MARCUS MIDGETT TO APPROVE ORDINANCE 7-2019. MOTION CARRIED UNANIMOUSLY.

7. Fiscal Year 2019-2020 Budget Presentation

Mr. Herms presented the proposed budget to the Council. The goal of his budget is to balance expenditures and revenues and move the town forward. The property tax rate remains the same at .38 per \$100. There will be no changes to the electric rates. Water rates are increasing 2.5%, which is an average \$0.40 cent increase per resident. Sewer rates are also increasing 2.5%, average per resident increase is \$0.41 cent. Trash and recycling rates are increasing \$1.25 per month. Wholesale electrical rates have not changed. The wholesale increase for water from the City of Hickory is projected to be 3.75%; we will pass along 2.5%. Mr. Herms stated he was still negotiating for health insurance and had budgeted for a 10% increase.

Councilmember Midgett asked about the water contract with Hickory; they cannot raise our rates any higher than what they charge an in-town customer. Mr. Herms stated that was correct.

The costs for Collections: Trash, Recycling and Street Side pick-up are increasing. These charges include curb pick-up. It costs the town \$16.54 per household per month to provide this service. The town only

charges \$6.75 per household per month. Mr. Herms stated the last increase was in 2009, to the current rate of \$6.75. Mr. Herms said he recommends a \$1.25 per month increase for trash and recyclables to bring it up to \$8.00 per month. For FY 19-20, the total cost of providing this service will be \$18.27 per month per household. This is to offset the cost of contamination. China is no longer accepting plastic from anywhere in the US. It is still cheaper to recycle than to pay for bulk trash. To add some stability to future years budgets Mr. Herms has negotiated a flat 3.5% increase with Republic for the next five years. The CPI for this year was 19%. If the contamination rate got really high, the town would have to pay more.

Councilmember Williams asked if the town would be informing citizens about not contaminating the recyclables. Mr. Herms said he was going to request that Republic send information and then if contamination rates were still high the Town would provide education via social media. Other local governments have had increases for this service. Other than Claremont, we will still be the lowest in Catawba County. Councilmember Williams asked if the fees for this service would be reviewed every budget year and Mr. Herms said they would. Ten years ago, the fees collected were roughly 50% of the service cost and the rest was from the general fund. Every year since then, the town has taken the increases from the general fund. Mr. Herms said he would like to see increases of \$3.25 over the next few years to reach \$10.00 per month per household by 2021-22. Councilmember Danny Higgs asked Mr. Herms if the town was covering \$.77 cents of this year's increase and Mr. Herms said that was correct. Mr. Herms said there are two trains of thought: gradual increases over the next several years or a one-time big increase; Mr. Herms stated it was not sustainable to keep using the general fund for these increases.

Councilmember Trina Michael said she believe the gradual increase approach was best.

The Overall Budget

The total operating budget for the Town of Maiden is \$20,165,033. The General Fund has revenues of \$10,011,125; the Electrical Fund has revenues of \$7,551,623 and the Water/Sewer Fund has revenues of \$2,602,285.

Mr. Herms stated the tax base has plateaued. He has been predicting the plateau for several years. The Town's revenues have plateaued, but the expenditures have not. This budget will allow the Town to save money and provide a cushion. The Tax Base is \$1,707,747,000. One cent equals \$170,000 but after incentives its closer to \$85,000. Revenue neutral is the amount of money we have to produce; which is \$0.36 without incentives, with incentives that number is closer to \$0.40. Our tax rate is in the middle at \$0.38.

Last year, most of the municipalities around us raised taxes. Maiden has the lowest tax rate in Lincoln and Catawba counties. Claremont's rate of \$0.49 is the next lowest but they are looking at an increase. Mr. Herms is not recommending a tax rate increase however if the Town raised taxes by a few cents, we would still be the lowest in Catawba County. Councilmember Michael asked when the last tax increase occurred. Mr. Herms said he was not sure, but it was before he became manager which was more than ten years ago. There was a tax decrease about seven years ago.

Maiden's tax base breakdown: Business Personal makes up 67% of the tax base. This is equipment, such as servers at Apple and machines at GKN. Real Property makes up 31%. The percentage increase on real property after the reevaluation was 25.7%. Business Personal property went down 2.6% resulting in a loss of \$31,058,440. The net increase is \$430,380, or around 7%.

The top employers in Maiden are GKN with about 1600, Ethan Allen 900 employees and Apple has 500. These figures are from the EDC. The EDC requests \$47,867 which is a 2.98% increase. Mr. Herms then highlighted the differences for each departmental budget.

Council: The total Council budget is \$4,141,155. This includes economic development payments for Apple \$3,193,683, GKN \$519,425, South Fork \$40,000.

Administration: The budget is \$254,846, salaries and wages increased slightly, and non-capital outlay decreased.

Finance: The budget is \$445,780; salaries and wages increased; contracted services decreased.

Information Technology: The budget is \$294,160; salaries and wages, contracted services and public wi-fi all had increases. Contracted services include a one-time set up fee for new software.

Planning & Zoning: Total budget is \$191,160. Increases for salaries and wages and contracted services. This increase is to pay for ordinance codification.

Town Hall: The total budget is \$111,700, this department decreased \$4,900 from the previous year.

Police: Total budget is \$1,917,425. There were increases for salaries and wages, capital-outlay equipment, utilities, and retirement contributions. This budget is also replacing two fully equipped vehicles.

Fire: Total budget is \$535,600. Salaries and wages and capital outlay-equipment increased. The Fire Department is applying for a grant to partially fund two full-time positions. The grant application will be put before Council for approval.

Garage: Total budget is \$197,492, there were no material differences.

Street: Total budget is \$582,429. We have a sink hole and drainage repair on S 2nd Avenue that costs \$42,000. In the past eighteen months we have spent close to \$500,000 in repairing storm drains. The storm drain infrastructure is aging and in need of repair. We also received a tremendous amount of rain and that makes the issues worse.

Powell Bill: Total budget is \$115,000. East Pine Street will be resurfaced and curbed. On Micol Road a section will be resurfaced, a section will be sealed and installing curb, gutter and storm water improvements. Mr. Herms said if there are funds available the next street on the list will be paved/improved.

Sanitation: Total budget is \$291,605. This is an increase of \$56,250 which was discussed earlier.

Recreation: Total budget is \$619,577. This year's budget includes money for a wheelchair swing, 3 cradle swings and 10 ADA compliant picnic tables. The cradle swings require a lot of room, but the plan is to place them as close as possible to the other swings so children who need this equipment are not isolated. Councilmember Michael asked about a bathroom and Mr. Herms said he would address it at the end; the bathrooms were cut from the budget.

Cemetery: Total budget is \$41,500, there are no material differences.

Debt Service: Total budget is \$217,199. There are no material differences.

Mr. Herms presented information showing the Town's contribution rate for regular and law enforcement employees going up over the next four years to 11.35% for regular employees and 12% for law enforcement employees. The budget does not recommend any across the board salary increases. There are funds available for those completing probationary periods or earning advanced certificates.

Councilmember Higgs asked if every employee had a certificate or type of professional development they could work towards? Mr. Herms said he believed so. He said everything we do is very technical and requires a lot of documentation.

Councilmember Williams asked if the garage had diagnostic equipment and Mr. Herms said yes, there were very few pieces of equipment the garage could not fix in house.

Fund 30-Electrical

The total budget is \$7.6 million dollars. Overall the wholesale rate decreased by 2% but allocated demand brings the Town to a "breakeven" point. Maiden will receive a one-time credit in August which will be put in the rate stabilization fund. Mr. Herms said we should not have any increases for the next 3-4 years. By placing this money in the rate stabilization fund, we might avoid increases for a longer period of time.

The total number of electric customers is 1,223. This year the town added 73 additional customers. There are 168 commercial customers, 35 industrial and the remainder are residential. The top ten electrical customers: GKN, Ethan Allen, Catawba County Schools, H & M Woodworking, Food Lion, Lawrence Lumber, McCreary Modern, Town of Maiden, Temple Furniture and Parker Southern.

The Town owns 1.2891% of the Catawba Nuclear Power Plant which results in a debt of \$11,635,674.

The highlights of the Electric Budget are as follows, \$5,924,020 for power purchase and \$1,669,182. This budget includes power line improvements on South Main-\$105,000, Bucket Truck Capital Reserve \$40,000 Substation Transformer Maintenance \$50,000, tree trimming, \$40,000 and Street light upgrade on East Boyd, N Main Ave.

Fund 35

The total Fund 35 Budget is \$2,602,285. The water budget is \$1,235,723. There were increases in salary, contracted services, purchase for resale. Capital outlay decreased by \$30,000 and reimbursement to the General Fund went from \$21,029 to \$179,878. New water service on S Main will cost approximately \$8,000. The Town will contract with a flagging service to direct traffic.

WWTP-The budget for the WWTP is \$621,821. This includes maintenance to the pump stations at Gregory Hill, Wendover and Lawrence Lumber, a new aerator for EQ tank, a fork lift and upgrades to the primary control panel.

Sewer-The total budget for sewer is \$647,707. This includes removal of the abandoned sewer aerial and perform creek bank stabilization near 723 N Carolina Avenue. The debt service for the Water and Sewer department is \$97,034.

Compared to other local governments in Catawba and Lincoln Counties Maiden has the lowest rate for 3,000 gallon which costs \$37.25.

Mr. Herms said that agreeing to buy water from Hickory has kept our rates low. Councilmember Williams asked if Maiden was the only local government that purchases water from Hickory, Mr. Herms said no.

The top water customer is South Fork Industries followed by Ethan Allen. Apple is top sewer customer, followed by GKN. The Utility Customers breakdown is as follows: 2012 water customers, 383 are outside. 1605 sewer customers, 52 are outside, 1233 electric customers and 1536 sanitation customers.

Mr. Herms expressed concerns about the NC General Assembly looking at outside vs inside water and sewer rates. The concern is that outside customers pay double the rate of inside customers. A solution would be to charge all customers the same amount, but the Town would need to increase water rates by 20% and 5% for sewer rates to maintain the current level of funding.

2019-2020 Fee Schedule

Basketball should be \$3, and Football should be \$4. Landfill and Recycling fees will increase to \$8.00 and the Town will eliminate boring fees on sewer taps. These were not charged in the past, but it was a part of the fee schedule so new customers were charged. Mr. Herms said that it depends on what side of the road the line is run on. Mr. Herms would like permission to refund these fees. Mr. Herms would like to conduct a study on storm water fees. It would most likely be based on the square footage of impervious surfaces. Mr. Herms said the fees he has seen are about \$0.01 per square foot. Mr. Herms stated we need to find a way to fund the repairs for the Town's storm water infrastructure. This is an important priority due to the number of sink holes the Town has had to repair in the last year.

Items that were cut from the budget totaled \$1,091,198. A detailed list is attached in the budget presentation. Mr. Herms said that almost everyone had an item cut from the budget this year. Mr. Herms said bathrooms at the park had a been much discussed item, but they were very expensive and could not be funded this budget year.

Councilmember Michael said the current bathrooms were nasty and not building more bathrooms did not seem to be an option. She asked for a solution. Mr. Herms said since a plunger was added to the bathrooms the toilets had not gotten clogged. Councilmember Hipps asked why the \$1,300.00 for Fringe Benefits was cut. Mr. Herms said he did not have an opportunity to have extensive talks with Chief Caldwell. Mr. Herms said there was no protest, and something had to be cut. Mr. Herms explained that Fringe Benefits was for flowers on the death of a loved one or having a baby. Councilmember Hipps said that based on the Powell Bill budget he did not believe the Town would make progress paving the roads. Councilmember Hipps said he believes we are getting further behind on paving. What are the options available to increase funds for paving?

Mr. Herms said the Council could levy the car registration fee which could be as much as \$30 per vehicle, raise taxes or cut expenditures in the budget. You can hope property tax base increases. Councilmember Hipps said we need to raise the Powell Bill amount. Mr. Herms told him Powell Bill were the funds the Town received

from the state; any other funding would come from Fund 10. We do not currently charge anything for car registration. Councilmember Hipps wanted to know what the municipalities around us charge.

Councilmember Michael said she would like to see what progress has been made on the 2014 paving study. Mr. Beal said we have paved about 12 streets. Councilmember Midgett said years ago there was a tag fee and it was very difficult to collect. Mr. Herms said this fee would be collected by the state. Claremont charges \$10, Conover charges \$30 and Hickory charges \$5. Mr. Herms said we would pave what can be paved with the money we have, or we can make cuts to the budget. Incentives to GKN will be rolling off in a few years and that will free up some money. Councilmember Williams said in theory, some of the roads are in good shape and do not need to be repaved. Mr. Herms said a rule of thumb is \$1 million per mile if curbing is included. Mr. Herms reiterated that storm water repairs have been taking large sums and the infrastructure is failing.

Mayor Pro Tem called for a ten-minute recess.

Mr. Herms requested direction from Council regarding the proposed budget. Councilmember Williams asked if putting a couple port-a-johns at the Splashpad to help alleviate the overuse of the bathrooms. There are portable toilets at the Splashpad.

Mr. Herms said the Town did request a quote from Denver Construction and a 3-stall bathroom was going to cost \$169,000. Mr. Herms and the Recreation Director have been researching pre-fabricated options as well. Mr. Herms said he would make sure the restrooms at the Splashpad were monitored more closely this summer.

Councilmember Michael said she will accept the increased policing as a solution for the Splashpad bathrooms this year but wants to see this item in the budget next year. Mr. Herms said it is Council's decision to fund this project or to choose to cut other projects. Mr. Herms said the Town learned a lot last summer in regard to the Splashpad. Councilmember Midgett stated he was not in favor of raising taxes or fees. Councilmember Michael echoed Councilmember Midgett's statement.

Other items that were commented on included road paving, a possible bond referendum, how fortunate Maiden has been to have a large tax base, the lack of volunteer firemen, capital improvement plans.

MOTION WAS MADE BY COUNCILMEMBER RONNIE WILLIAMS AND SECONDED BY COUNCILMEMBER DANNY HIPPS TO GO INTO CLOSED SESSION FOR CONSULTATION WITH ATTORNEY at 7:11. MOTION CARRIED UNANIMOUSLY.

At 7:38, Mayor Pro Tem Bumgarner reconvened open session. He asked the Council for a motion to accept Mayor Bob Smyre's resignation.

MOTION WAS MADE BY COUNCILMEMBER TRINA MICHEAL AND SECONDED BY COUNCILMEMBER RONNIE WILLIAMS TO ACCEPT MAYOR ROBERT SMYRE'S RESIGNATION. MOTION CARRIED UNANIMOUSLY.

MOTION WAS MADE BY COUNCILMEMBER TRINA MICHEAL AND SECONDED BY COUNCILMEMBER DANNY HIPPS WITHOUT MAKING AN APPOINTMENT AT THIS TIME, TO

GRANT AND BESTOW TO THE MAYOR PRO TEM, MAX BUMGARNER JR., ALL THE POWER AND AUTHORITY TO TAKE ALL ACTIONS AND PERFORM ALL DUTIES OF THE MAYOR OF THE TOWN OF MAIDEN BEGINNING JULY 1, 2019 AND CONTINUING UNTIL THE POSITION OF MAYOR IS FILLED BY APPOINTMENT OR ELECTION. MOTION CARRIED UNANIMOUSLY.

With no further comments...

MOTION WAS MADE BY COUNCILMEMBER TRINA MICHAEL AND SECONDED BY COUNCILMEMBER DANNY HIPPS TO ADJOURN THE MEETING AT 7:42 PM. MOTION CARRIED UNANIMOUSLY.

Respectfully Submitted:

Elizabeth Yokley-Krige, Town Clerk

Robert L. Smyre, Mayor

ATTEST:

Elizabeth Yokley-Krige, Town Clerk