

**MINUTES OF THE BOARD OF ALDERMEN
TOWN OF KERNERSVILLE, N.C.
BRIEFING SESSION MAY 29, 2013**

The Board of Aldermen of the Town of Kernersville met in a briefing session at 3:30 P.M. on the above date in the Town Hall Executive Conference Room at the Municipal Building at 134 East Mountain Street.

Present: Mayor Dawn Morgan, Mayor Pro Tem Dana Caudill Jones, Alderman Keith Hooker, Alderman Irving Neal, Alderman Tracey Shifflette and Alderman Neal Stockton.

Absent: None

Staff Present: Curtis L. Swisher, Town Manager; Jayne Danner, Deputy Town Clerk; John Wolfe, Town Attorney; Jeff Hatling, Community Development Director; Captain Steve Bowman, Police Dept.; Terry Crouse, Fire Rescue Chief; Ken Anderson, Deputy Chief; Doran Maltba, Public Services Director; Russell Radford, Engineering Director; Ernie Pages, Parks & Recreation Director; Dale F. Martin, Town Clerk; Gray Cassell, Chief Information Officer; Franz Ader, Finance Director and Ray Smith, Human Resources Director.

Call to order and invocation.

Mayor Dawn Morgan called the meeting to order at 3:40 pm and Mayor Pro Tem Dana Caudill Jones delivered the invocation.

1. Fiscal Year 2013-2014 Budget Work Session.

Mr. Curtis Swisher, Town Manager updated the Board on some recent revisions to the Budget since the draft was released. He added that funds were just received from Forsyth County for E911. He stated that the revised figure for FY 12-13 Fund Balance Appropriated is now \$454,445. He further stated that funds budgeted in FY 12-13 for the ladder truck purchase and Piney Grove Road improvements were not expended thus have been carried over to FY 13-14 Budget. He added that reimbursement to the Occupancy Tax Fund for the last cross country meet was received and that all these individual budget sheets have been updated to reflect these changes.

Mr. Swisher stated that due to the recent Forsyth County revaluation he is recommending that FY13-14 Budget be revenue neutral setting the Town of Kernersville tax rate at .5338 cents per \$100 value for FY13-14. Mr. Swisher explained the revenue neutral formula and the impact this would have on a typical homeowner using Exhibits A and B of the Budget Message. He added that there has been a slight growth in Guilford County but less than a 1% growth in Forsyth County in the last three years. Mr. Swisher further added that Winston Salem is recommending a .53 cents tax rate.

Alderman Irving Neal asked if the revaluation process created a significant increase in taxes for any business or homeowners. He added that it is difficult to explain the revaluation process to citizens.

Mr. Swisher stated that based on the information he has received from the Forsyth County Tax Department on the revaluation and the proposed tax rate he hasn't noticed a significant tax increase for any established home or business, but that it may have an impact on owners of newer properties. He noted that for most commercial property owners it appears they will see a drop of 12-14% in the tax value of their properties. He added that if the proposed tax rate of .5338 cents is adopted most homeowners and commercial property owners should pay the same amount in taxes in FY 13-14 as they did in FY12-13.

Mayor Pro Tem Jones stated that citizens are concerned if the Town increases the tax rate for the revaluation they will be locked in at this higher tax rate even if the Town has the growth it is expecting with the hospital and VA Health Care Clinic.

Mr. Swisher stated that Forsyth County would conduct revaluation again in 2017 and that the tax value on properties would not change again until then and at that time the tax rate would be readjusted again.

Alderman Shifflette asked if there was an equation used by the County for the revaluation.

Mr. Swisher advised that he could contact Mr. John Burgiss, Forsyth County Tax Assessor to get more information for the Board on the effect revaluation has had on commercial and residential property.

Alderman Hooker stated that citizens are saying if the revaluation didn't affect their property or their tax value is less then .5338 tax rate is a tax increase. He suggested that as a good faith gesture to the citizens the monies should be taken from the Fund Balance to balance the budget, similar to what Winston Salem has done, and then Kernersville would have an overall lower tax rate than Winston Salem.

Mr. Swisher stated that the .5338 tax rate is a lower percentage of increase than Winston Salem's proposed tax rate. He clarified that revaluation is not an appraisal and that revaluation doesn't impact the property value.

Mr. Swisher stated that 50% of the Town's Revenue is from property tax; Intergovernmental Funds are approximately 22.5%. He advised the Board of the recent discussions by the General Assembly on changing the distribution of Intergovernmental Funds. He emphasized that this could have a \$3 million impact on Kernersville that could require cuts in services, an increase in the recommended tax rate or using funds from the Fund Balance to balance the Budget. He informed the Board that he would notify them as soon as he heard anything definite about this. Mr. Swisher noted that another source of revenue is from fees and charges for services or permits and rent from Town owned property at 8.4%, and fees for Parks and Recreation programs and use of ball fields. He also noted that the Town receives Restricted Funds that can only be used for that intended purpose such as Stormwater Fees or Powell Bill funds. He advised the Board

that as he had anticipated the Town did lose revenues previously received from the Sales Tax Hold Harmless. He further advised that in comparison Winston Salem receives 35% of its funds from service related revenues and fees, including from the Town for tipping fees for landfill use and from all Town residents who have water and sewer from City County Utilities Commission.

Mr. Swisher noted the revised figure of \$4.8 million of Fund Balance Unassigned does not include the \$2.4 million Restricted Fund Balance total. He further noted that the Fund Balance Policy requires that this should not fall below 20%.

Mr. Swisher stated that the individual departments Salary Sheets do not include developmental, merit or bonus pay. He commended all the employees for their proactive healthy lifestyles and the efforts of the Wellness Committee and credited it to the United Healthcare Insurance rates remaining the same in FY 13-14 as in FY 12-13, when the standard is a minimum 2% increase. He added that due to this he is not recommending nor feels he could justify an increase in health insurance premiums for employees.

Mr. Swisher advised that he informed all department heads to cut their expenses approved in FY 12-13 by 3% for FY 13-14. He added that recommended new equipment purchases for FY 13-14 were prioritized Town wide rather than by department as it has been in the past. He noted by line item expenses in each department that differs significantly from FY12-13:

Governing Body –

Chamber of Commerce – increase in funds due to taking over several programs previously hosted by KDPDC.

Senior Center, Sister City and Kernersville Cares for Kids – decreased 50% in FY 12-13 recommended a slight increase in funds for FY13-14.

NCLM/NLC – Increase in annual fee.

Administration –

Replace HVAC system. Installment Purchase @ \$42,000 p/yr. for 15 yrs., anticipate installed by December.

Community Development –

Salaries – change due to elimination of position in FY12-13 and change of position from Permit/Enforcement Division

Contracted Services – landscaping at interchange I Business 40; costs will be offset by NCDOT grant.

Alderman Keith Hooker noted the significant reduction in departmental supplies and asked if this would impact department operations.

Mr. Swisher responded that this was due to a one time large purchase last year and that it would not affect operations.

Finance –

Banking Services Fees – increase due to increased use of credit/debit cards for payments by citizens.

Mayor Pro Tem Jones expressed concern that the Town now requires a credit card for permits as opposed to the Bonds used in the past.

Mr. Swisher responded that this option is easier to manage and seems to be popular with most citizens.

Information Technology –

Computer Storage – Additional storage needed in Town and at off site location in Cary, NC in case of natural disaster.

Human Resources -

Retirees Insurance – increased due to more retirees.

Police –

Police Vehicles – recommend purchase of 5 police cars to replace those with 100,000+ miles,

Forfeiture Funds – replace radio and laptops in vehicles

Training – increased on-site training

Alderman Stockton praised the Vehicle Maintenance Employees for the work they do to maintain and extend the life of the police vehicles to keep costs down.

Alderman Neal asked what the distance is that employees assigned a Town vehicle can take it outside town limits.

Mr. Swisher responded that it is 12 miles.

Fire –

Ladder Truck – budgeted in FY 12-13, not purchased, funds rolled over to FY13-14

Breathing Air Cylinders – 3rd year of cycle to replace to comply with OSHA

Radios & Equipment - 2nd year to complete replacements

Training Officer – recommend this new position to offer more on-site training

Mayor Morgan called to recess the meeting at 5:08 PM

Mayor Morgan reconvened the meeting at 5:26 PM

PS Street -

Mini Excavator – only new equipment recommended for this department

Resurfacing - no funding recommended in FY 13-14, if any is necessary will need to do a budget amendment.

PS Solid Waste –

Automated Refuse Trucks – 2nd year of payments, slight decrease in payment

Transportation –

Piney Grove Road Widening – funding budgeted in FY 12-13 rolled over into FY 13-14

Sidewalk Installation – Right of Way acquisition on West Mountain Street from Branchwood Subdivision to YMCA

Mayor Morgan asked Mr. Maltba about the street sign on Mountain Street and why it was “MTN” instead of “Mountain”.

Mr. Maltba advised he would contact NCDOT and report back his findings.

Parks & Recreation –

Trailer – recommend new equipment to safely haul reel mower and field sprayer

Personnel – recommend add a full-time administration position instead of part-time due to increase in programs; elimination of Landscape Specialist and replace with a full-time park maintenance position, overall department salaries will remain same if approved as recommended

Library –

No recommended changes, overall good condition, HVAC eventually will need replacing.

General Services –

No recommended changes.

Energy savings of approximately \$12 -20k in FY 13-14, due to changes implemented last year by energy consultant, energy efficiency expenses and upgrades funded by energy grant.

Maintenance & Repairs – recommend slight decrease

Special Appropriations –

No recommended changes, fund used to transfer funds from General Fund to a specific or designated fund.

PS Administration –

No recommended changes

Mayor Morgan inquired about the updates to Mobile 311.

Mr. Maltba advised that this is still for interdepartmental use at the moment but hoped that eventually it could be used by citizens to report potholes or trash collection issues etc.

PS Central Maintenance –

Gasoline & Diesel Fuel – slight decrease from FY12-13, new vehicles more fuel efficient and slight drop in costs.

Forfeiture Funds –

Restricted Funds used to supplement replacement costs for radios and computers in police vehicles

Contributions –

Funds received for specific designation such as Dog Park; Declan's Playground and the Wounded Warrior 5K in February.

E911 –

FY13-14 is the last year to receive allocation for these funds due to change by the State in distribution allocation. \$32,000 received today for FY12-13 allocation.

Self-Insurance/Workers Comp. –

Slight increase in fee due to number of claims filed in FY12-13.

Stormwater Enterprise Fund –

Restricted Fund can only be used to offset stormwater related costs, salaries or projects.

Occupancy Tax –

Restricted Fund can only be used for expenses related to Travel and Tourism and the promotion of such.

Capital Project Ordinances –

No allocation recommended in FY13-14 for Public Services Facility.

Capital Reserve Fund –

No recommended allocations in FY13-14.

Mr. Swisher stated that he would answer any questions the Board has now or before the Budget Public Hearing scheduled for June 4th at 7 p.m. He added that he would contact the Board if he heard any changes from the State about changing allocation of funds.

Alderman Stockton thanked Mr. Swisher and the Staff for their hard work putting the Budget together and for being able to do so much under such a tight budget.

Mayor Morgan also commended Mr. Swisher and the Staff. She asked the Board to contact Mr. Swisher as soon as possible if they had any recommendations.

Alderman Keith Hooker suggested that funds be taken from the Fund Balance to balance the budget to revenue neutral and reduce the tax rate as a good faith gesture to the citizens.

Mr. Swisher stated that he could do that or the Board might want to wait and see what the State does as far as their Budget.

Alderman Irving Neal stated that he would be in favor of reducing the tax rate for the sake of the citizens.

Mr. Swisher advised that he would look into this recommendation and research information on the drop in tax rate comparison between commercial and residential and report back on Tuesday.

Mayor Morgan called to recess the meeting at 6:09 PM

Attorney John Wolfe joined the meeting.

Mayor Morgan reconvened the meeting at 6:22 PM

2. Consideration of Agreement with Energy United.

Mr. John Wolfe, Town Attorney stated that he and the Town Manager have been working on this agreement with Energy United for a number of years. He added that he has one recommended change to the agreement that was previously sent to the Board for their consideration, adding the following sentence to paragraph 5 on page 5.

“Energy United assures the Town of Kernersville that it has the authority under North Carolina law to run electricity along Medical Parkway and to service the area surrounding such”

Mr. Swisher added that this agreement is similar to service agreements the Town has with other service providers.

Mr. Keith Wingler, Energy United representative concurred with Mr. Wolfe and Mr. Swisher’s comments. He added that this agreement is similar to those Energy United has in other towns. He further added that he has no problems with Mr. Wolfe’s recommended changes. He stated that this agreement would prevent duplication of services in areas of the Town currently serviced by Energy United and that Energy United currently services the Medical Parkway area and they have invested in infrastructure based on the future growth.

Mr. Jimmy Flythe, Duke Energy representative expressed concern that this agreement may prevent customers in Kernersville from having a choice of energy provider. He distributed a letter to the Board outlining these concerns.

Mayor Morgan asked if the Board would like additional time to review the agreement.

Mr. Wolfe reiterated that this was a reasonable agreement between the Town and Energy United. He advised that the Town not become involved in a power struggle between the two power companies. He further advised that the North Carolina Utilities Commission governs assignment of areas for service and that this agreement is in compliance.

Alderman Irving Neal made a **Motion** for approval of an Agreement with Energy United as revised by Town Attorney John Wolfe. Mayor Pro Tem Jones seconded the motion and the vote was all for and motion carried.

3. Consideration of a Resolution of Intent to Close a Portion of Little John Road.

Mr. Wolfe stated that a request has been submitted by the property owner of a .77 acres portion of Little John Road. He advised that this section of road abuts the road to Kernersville Medical Center and the VA Health Care Center, the remainder of the road will remain open. He added that if the Board approves the Resolution a Public Hearing will be held on June 25, 2013 which will be advertised for four weeks as required by North Carolina General Statutes. Mr. Wolfe further added that this is a state road therefore NCDOT would also need to approve the closing and that the Town and/or NCDOT may need to retain easements for right of way for utilities or other needed access.

Alderman Irving Neal made a **Motion** for approval of the following Resolution of Intent to Close a Portion of Little John Road. Mayor Pro Tem Jones seconded the motion and the vote was all for and motion carried.

R-2013-11
RESOLUTION OF INTENT TO CLOSE A STREET/ROAD AND SETTING
DATE AND TIME OF PUBLIC HEARING TO
CONSIDER CLOSING ALL OF THAT .777 ACRE TRACT
OF LAND GENERALLY KNOWN AS A PORTION OF LITTLE JOHN ROAD

WHEREAS, a request has been made, and sufficient and good cause has been shown, unto the Board of Aldermen of the Town of Kernersville that it is for the betterment of the Town that a .777 acre tract of land which is located within the Town of Kernersville, Forsyth County, North Carolina, and bounded on all sides by lands owned by Blue Diamond Investment Company, LLC, and known as a portion of Little John Road, be closed: and

WHEREAS, the Board of Aldermen, after considering the matter at its May 29, 2013 Board of Aldermen Meeting for purposes of considering this Resolution does hereby adopt the following Resolution:

BE IT HEREBY RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF KERNERSVILLE:

(1) That conditioned upon the North Carolina Department of Transportation approving closing the same, it is the intent of the Board of Aldermen of the Town of Kernersville to close the aforementioned .777 acre tract of land bounded on all sides by lands owned by Blue Diamond Investment Company, LLC, and known as a portion of Little John Road as described in the attached Exhibit A and shown on the map attached and designated as Exhibit B; and

(2) That the date and time of Public Hearing on this matter is hereby set to be held on the 25rd day of June, 2013, at 7:00 P.M. in the Council Chambers/District Courtroom, Town Hall, Kernersville, Forsyth County, North Carolina of the Town of Kernersville, North Carolina; and

(3) That notice of said Public Hearing shall be posted in two appropriate places along the said Little John Road; and

(4) That Notice of the said Public Hearing also be sent by certified mail to all adjoining land owners of Little John Road adjoining the road property proposed to be closed; and

(5) That Notice be published once a week for four successive weeks prior to the date of said Public Hearing in a newspaper having general circulation within the Town of Kernersville; and

(6) That a copy of this Resolution shall be mailed to the North Carolina Department of Transportation.

This the 29th day of May, 2013

4. Briefing on the June 4, Regular Meeting Agenda.

Item # 1. PUBLIC HEARING: on proposed Fiscal Year Operating Budget 2013-2014.

Mr. Swisher stated that he will give a short Budget presentation prior to the Public Hearing. He added that he will incorporate any updated information, if received, regarding intergovernmental funds or other state funding updates.

Mayor Morgan asked that the Board members contact Mr. Swisher prior to Tuesday if they have any other recommendations or changes based on the budget workshop this evening. She requested that "Budget Discussion" be added to the June 19, 2013 Agenda in case it is needed.

Item # 3. Presentation of the "Growth and Traffic Data 2012 Annual Report."

Mr. Jeff Hatling, Community Development Director stated that he would give a brief presentation of this report that was continued from last month. He noted that the full report is on the Town's website.

Item # 4. Presentation of Bodenhamer Street Corridor Study.

Mr. Hatling stated that Mr. Ben Holt, Community Development Intern and UNCG Graduate Student would present this study on Tuesday evening. He noted that the full report is on the Town's website.

Item # 5. Consideration of Granting an Easement for Macy Grove Road project.

Mr. Hatling advised that this request is for a utility easement for Duke Energy. He noted that it will not affect the viable use for the remainder of the property.

Item # 6. Consideration of a Contract with John G. Wolfe III, Attorney at Law for Legal Services.

Mayor Morgan stated that this is a standard contract renewed every two years. She thanked Mr. Wolfe for the remarkable job he does for the Town and for his guidance over the years.

Item # 7. CONSENT AGENDA: All of the following matters are considered to be routine by the Board of Aldermen and will be enacted by one motion. There will be no separate discussion unless a Board member or citizen so requests, in which event the matter will be removed from the Consent Agenda and considered under the following item.

- C-1 Approval of Minutes for April 19, 2013 Closed Session
Approval of Minutes for May 1, 2013 Briefing Session
Approval of Minutes for May 1, 2013 Closed Session**
- C-2 Consideration of the new Lease with the Kernersville Woman’s Club for the Kernersville Community House.**
- C-3 Consideration of the new Lease with the Shepherds Center for the Basement of the Library.**
- C-4 Consideration of a Recommendation to designate a Chairman for the Sister Cities Commission.**
- C-5 Consideration of Appointments to Various Boards and Commissions.**
- C-6 Consideration of a Resolution to Declare Property Surplus and Authorize Disposal.**
- C-7 Consideration of an NCDOT Supplemental Agreement for Piney Gove Road and North Main Street.**
- C-8 Consideration of Forsyth County Tax Refunds.**

Mr. Swisher noted that items C-2 and C-3 are annual renewable leases.

Mayor Morgan noted that item C-4 is an annual requirement of the Ordinance.

Mayor Morgan explained the procedure for item C-5 Appointments to Various Boards and Commissions. She added that the memo lists those recommended for appointment.

Mr. Swisher noted that item C-6 is additional surplus items that will be advertised for sale along with the items approved last month. He added that item C-7 is for the relocation of utilities by Duke Energy.

5. Matters to be presented by the Town Manager and Town Attorney.

Mr. Swisher stated that he anticipates that a date will be set in June for the unveiling of the sign at the Ivey Redmon Sports Complex.

Mayor Morgan stated that she has been contacted by Rep. Donny Lambeth seeking concerns of the Town that he can relay to Governor McCrory in an upcoming meeting.

Mr. Swisher responded that the potential loss of Intergovernmental Funds; changes to PARTF Funding; potential changes to road funding; overreaching of NC General Assembly as a whole are all major concerns for the Town.

Mayor Morgan stated that she is also going to mention to Rep. Lambeth that she would like to see a state wide anti-graffiti program.

Mayor Morgan expressed concern after hearing that the Forsyth County Commissioners are considering closing the Kernersville Library. She noted usage statistics and recommended that the Board Members contact the Commissioners about this.

Mr. Swisher advised that he has heard that a number of Forsyth County Commissioners stated that the conversation about libraries was taken out of context and that they didn't intend to close the Kernersville Library.

Mayor Pro Jones asked about the status of the Town's anti-graffiti program.

Captain Steve Bowman responded that the Police Department's Clean Slate program is still active and that brochures are available from the Police Department for the best practices to remove graffiti.

6. Adjournment.

Alderman Irving Neal made a **Motion** to adjourn the meeting at 7:16 p.m. Alderman Tracey Shifflette seconded the motion and the vote was all for and motion carried.

Being no further business to come before the Board, the meeting was adjourned.


Dawn H. Morgan, Mayor

Attest:


Jayne Danner, CMC, NCCMC Deputy Clerk

I, Jayne Danner, Deputy Clerk of the Town of Kernersville, North Carolina, do hereby certify that this is a true and correct copy of the minutes of the meeting duly held on May 29, 2013.

This the 27th day of June, 2013.


Jayne Danner, CMC, NCCMC Deputy Clerk