

Town of Spring Lake  
Special Meeting of the Board of Aldermen  
McKellar's Lodge  
Building 0-9127 McKellar's Road, Extension of Gruber Road  
Fort Bragg, NC 28390

March 19, 2013

**MINUTES**

10:05 a.m.

The Spring Lake Board of Aldermen held a special meeting at McKellar's Lodge on Fort Bragg with Mayor Chris V. Rey presiding.

**Board Members Present:** Mayor Pro Tem Napoleon Hogans  
Alderman James Christian  
Alderman Richard Higgins  
Alderman James O'Garra  
Alderwoman Fredricka Sutherland

**Others Present:**

Tommy Burns, Town Manager  
Allen Coats, Finance Director  
Troy McDuffie, Police Chief  
Tina West, HR Director  
Drew Brooks, Fayetteville Observer

Byron Blumenfeld, Water Resources Director  
Paul Hoover, Public Works Director  
T.J. McLamb, Fire Chief  
Rhonda Webb, Town Clerk

**2. Invocation**

Mayor Rey gave a non-sectarian invocation.

**3. Pledge of Allegiance**

Mayor Rey led the meeting in the pledge of allegiance.

(A copy of the agenda is hereby incorporated by reference and make part of these minutes – see attachment one.)

Mr. Burns stated that leaving the Town to take the Harnett County Manager's position was a tough decision and was not made lightly. He said he considered many factors and felt it was the best decision for his family and his career. He pledged his support to the Town during the transition. He thanked the Board for the opportunity to serve them and Spring Lake.

Mr. Burns gave the Board an update on the sales tax distribution and stated it will have a major impact on our budget. This agreement was created about nine years ago in anticipation of some larger annexations. The agreement was initially for a three year term. It has been extended twice and everyone has ideas about where we should go from here. It is unknown at this time what will happen. It appears the consensus of the municipalities is to extend the current agreement for one year but the County wants the agreement extended for three years and have threatened to change the formula if that does not happen. If they change the formula to ad valorem sales tax distribution, it will impact our budget in a negative way equating to approximately 8 or 9 cents on the tax rate. Obviously we do not want that to happen. He encouraged the Board Members to call the Commissioners. He stated it has been almost ten years since any big annexations were

done and any revenue that was lost has been made up. It is time to look at a new agreement. State Statute says there are two ways to distribute sales tax revenue: per capita or ad valorem. Currently we have a modified per capita basis. He also advised the County is required to determine by April 1<sup>st</sup> each year the method they will use to distribute sales tax. This is the reason they needed our answer by March 25<sup>th</sup>. He stated it is time to get a new agreement. He further explained that the County does lose revenue when a property is annexed. However, Towns improve property. He gave RLM as an example. That property was vacant timber land ten years ago. Now there is \$4M worth of property on it. The County has zero investment in that property and they provide zero services to that property but they get property taxes off of it. This is a good argument for stopping the current agreement. Also, when we annex property, the services provided to the residents are taken on by the Town. The County still has the education function and some of the public functions but they do not provide police, fire and sanitation services. Mayor Rey stated the letter should have gone to the municipalities last year but they did not do so because it was an election year. We received this letter at the end of February and are now asked to rush to a decision and they are proposing to go from the 50% we pay now to 60%. He stated he does not believe they expected the backlash from the municipalities. We are asking for the one year to allow time to look at the agreement and collectively come to a decision about a new agreement. When the original agreement was created things were very different. The County has gotten used to getting the 50% and it seems they want to balance their budget on the backs of the municipalities. The Mayor's Coalition will meet tomorrow again to discuss the agreement.

He also told the Board that the Sweepstakes revenue will most likely go away. This will create a \$100,000 deficit in our budget. The Spring Lake bus service, operating as it is operated today, will create a \$120,000 deficit in our budget. Mr. Burns shared what we are already doing in anticipation of these lost revenues. He has frozen vacant positions. He has no plans to fill the administrative position in the Public Utilities Department. He is trying to move some departments around and consolidate some of those functions under one person. This is only a short term solution and will need to be assessed in three to five years. This would involve moving the Inspections Department in with the Public Utilities Department at the shop. This is a short term fix but not a long term solution. We have consolidated some other functions temporarily. Byron's office is now at the Waste Water Treatment Plant for the duration of the rehabilitation project. We are looking at the needs versus the wants. We are looking at sharing some job responsibilities. But even with all this, the budget will be extremely lean in the coming budget year.

Alderwoman Sutherland inquired if the Town will have to furlough employees and Mr. Burns stated he believes with the changes we have made, we will be ok. However, we are looking at preliminary numbers.

He also shared that we are looking at trying to consolidate the Police Department into one building. We would like to move them to the Annex. This will require bringing in a structural engineer to look at the second floor and assess what it will cost to make this happen. This will also mean they will only need two administrative persons. He state if there is any discretionary money left in the budget, we would like to have this study done.

#### **4. Budget and Planning Items**

##### **a. Budget Overview**

Mr. Coats gave the Board an overview of the revenues. There is very little new construction this year. Economic growth is flat. We have concerns about the State budget impact and the internet

gaming sites closing. He also provided an overview of the expected expenditures. They include staffing needs for Public Safety and Public Utilities Departments. The impact of higher fuel prices will be a concern. He stated capital needs continue to grow. Finally, a 4.7% electricity rate increase is expected in June and we will receive a 9% water rate increase from PWC on July 1, 2013. The utility projects debt payment for next budget year will be \$225,590. Staff's goal going into the budget process was to keep the budget at the current level. This may change depending on what the County does with the sales tax distribution. Should they switch to ad valorem, it would mean an approximate \$500,000 deficit in our budget.

Alderwoman Sutherland inquired if service cuts have been considered to help save money. Mr. Burns advised Mr. Hoover will brief a possible cut during his presentation to the Board. Otherwise, there are not really any services we can cut. Alderwoman Sutherland also inquired about the possibility of closing Town Hall on Friday's to save money. She stated she is not an advocate of this, but feels she should put it out there for discussion if it would save money. She also asked if it could be done and still be able to provide some services to the citizens. The discussion included the Water Department staying open on Friday's during the busiest hours and another drop box installed for walk up customers. Mr. Burns and Mr. Coats both advised it did save money and was changed due more to political reasons rather than practical ones. He also advised there are benefits to having non-traditional hours.

Mayor Rey clarified that the general consensus of the Board is to take another look at this initiative and have staff bring back numbers for the Board's considerations. They also want staff to look into another drop box for the front of Town Hall. Allen stated he will discuss this with Mr. Hoover and see what they can make happen.

(A copy of the PowerPoint presentation is hereby incorporated by reference and made a part of these minutes – see attachment two.)

**b. Garbage/Recycle Proposal and Transit Update**

Mr. Hoover provided the Board with an overview of the Spring Lake Transit System. He presented three options for the Board to consider. He advised it cost \$49.00 per hour to run the bus. The total cost to provide Option 1 is \$161,964 per year. Option 1 continues the service at the current level. The total cost to provide Option 2 is \$95,080. Option 2 eliminates Saturday service and includes no improvements to bus stops. Option 3 is to eliminate the bus service.

The discussion included changing the hours of operation to help eliminate the "all day experience" to ride the Spring Lake bus. Mr. Hoover advised the Town offsets the bus system at more than 90% of the costs to run the service.

Alderman Hogans inquired about getting citizens input. Mr. Burns advised this is not something that can be put on the ballot. The Board of Elections suggested we survey the citizens to obtain their feedback. Alderman Higgins suggested that we have a staff person ride the bus for one week and keep a record of how many riders the bus actually services. He proposed asking the survey questions to those who ride the bus and get some feedback that way.

The Board would like to find out if we could run the bus starting earlier in the morning for three runs, have two runs at noon, and have three runs in the late afternoon. This would be the same number of trips but occurring at different times.

Alderman Higgins stated that if we fill the bus every time it runs, we would still not make any money. Transportation is a service and not a revenue generator. He stated we have to decide if we are going to do it or not do it. And, once you weigh all of that, you have to measure that against your police and fire protection and prioritize. Mayor Rey stated if at the end of the day we have to utilize option 3, He would like this Board to be able to say we have done everything we could, we tried every option to be able to provide this service and we could not find a way to sustain the service. He wants the Board to feel good knowing they did their due diligence for the citizens.

Alderwoman Sutherland stated if someone needs a ride, they can call her. She wants to make sure people can get where they need to go.

The general consensus of the Board was to look at changing the hours of operation to the 3-2-3 run schedule, eliminate the Saturday service and survey the citizens for feedback. Mr. Hoover stated he will have everything but the survey by the second meeting in April. He clarified the schedule will not equal out to a 3-2-3 exactly because it takes one hour and twenty minutes to run the route. He advised they will have to figure out the routes and determine how that will work without exceeding the number of times we run the route now.

(A copy of the PowerPoint Presentation is hereby incorporated by reference and made a part of these minutes – see attachment three.)

Mr. Hoover also provided the Board with an overview of the bids that we received for trash and recyclables collection. We received four bids. Waste Industries provided the lowest bid at \$10.55 per customer per month. This proposal is a 5-year proposal with no fuel increase. Mr. Hoover stated there will be money left over and suggested we put that savings in a fund to purchase equipment as needed rather than borrowing the money when equipment replacement is needed.

(A copy of the PowerPoint Presentation is hereby incorporated by reference and made a part of these minutes – see attachment four.)

Alderwoman Sutherland reported the rental street sweeper's safety lights are not working. She requested Mr. Hoover check into that.

**c. Lunch**

The meeting was put on hold to allow the Board to take a lunch break at 11:45 a.m. The meeting continued at 12:32 p.m.

Mr. Hoover finished his briefing on the proposed agreement for trash and recyclables and advised the contract will come before the Board at their next meeting and if approved the contract will not begin until July 1, 2013.

Mr. Hoover provided the Board with an overview of the upcoming street paving project. The discussion included the pros and cons of speed bumps and the fact that they cost approximately \$5,000 - \$8,000 each depending upon the width and speed of the street.

Mayor Pro Tem Hogans requested clarification on how tax money is allocated to municipalities to take care of the roadways. Mr. Burns advised we receive a distribution from the State through the Powell Bill which is a combination of several taxes. It includes highway use tax which you pay when

you title a vehicle and fuel tax which has a highway tax built into it. All of that tax money is put together through an agency call Powell Bill. We get a distribution back based on our population but it does not meet the needs. Alderman Higgins stated the Powell Bill money did not cover the needs thirty years ago.

Chief McLamb provided an update on a surplus fire truck that was recently sold. He advised he would like to set that money aside in a capital reserve fund to help purchase fire apparatus. He also stated the sequestration hit Fort Bragg Fire Departments hard and could affect Spring Lake should Fort Bragg have to stop the mutual aid. He advised we rely heavily on Fort Bragg for assistance. The discussion included the future need for another fire station or the relocation of the existing station.

**d. Manager Presentation, Special Topic**

Mr. Burns provided the Board with a status update on the Wastewater Treatment Plant project, the Lower Little River Interceptor project and the Lillington Highway Waterline project. All of these projects will coincide with the DOT work on the Boulevard.

He told the Board he just returned from an economic development conference in Charlotte. He advised he made some contacts at this meeting and the developers are interested in coming to see Spring Lake and the potential it has. We must look at what Spring Lake can market and the military is one of our assets. Mr. Burns asked the Board what kind of development they want to see in Spring Lake. The responses included entertainment development like a movie theater and a home improvement store. Natural gas is something we need. A nice place to eat dinner is something they want. The Spring Lake Economic Development Corporation recently commissioned a demographic study but the study needs to include our influence area. We need to sell the region around Spring Lake. The Board also would like to see a grocery store or a Trader Joe's in Spring Lake and an urgent care medical facility.

Mr. Burns also stated that we are saturated with multi-family dwellings and we want to try to steer developers toward single-family housing. To be able to do this we need to stand firm that people who want to annex must connect to our sewer.

Mr. Burns provided the Board with an overview of the Manager's position. He felt the timing is right to review this information with the Board. He provided the General Statute that governs the city manager and what his/her duties include. He advised Managers are governed by a separate Code of Ethics and anyone the Board recruits should be familiar with this Code. He said the Board should have enough confidence in the Manager to give him/her a task and turn loose of it. The Manager should never be seen as another member of the Board. He stated he wants to help the Board during the transition period of him leaving and the Board hiring a new manager. He stated his pledge to the Board is to leave the Town better than when he found it.

(A copy of the handout is hereby incorporated by reference and made a part of these minutes – see attachment five.)

**e. Mayor's Economic Initiatives**

Mayor Rey polled the Board about pictures in the Town Hall lobby of the President, Vice-President, NC Governor and Town Board. He stated he would like people to see who their representatives are. Mayor Pro Tem Hogans said he has only seen the local leadership in Town Halls but does not

have a problem with it. Mayor Rey also said he would like to replace the current pictures in the hallways with pictures of people and places in Spring Lake. He wants people to see the life of Spring Lake. Board members expressed concern about changing Town Hall without going through the proper democratic process. He wants to make sure all Board Members have input. Concerns also included putting pictures up of some people and leaving others out. This is what will happen when you start arbitrarily putting people's pictures up in Town Hall. This is the same problem Board Members are hearing about the "I am Spring Lake" campaign. The pictures in the hallway will need to be replaced on a regular basis, perhaps changed seasonally to ensure diversity.

Mayor Rey introduced a software initiative to the Board called GovTide. This will consolidate how we order products and helps to make sure we spend our dollars and get the best return for purchases. The software can show how our purchases are regenerated back into our community. He gave an example of a vendor in Charlotte and a vendor in Spring Lake selling the same chair. The Vendor in Charlotte may sell the chair for \$2 cheaper than the vendor in Spring Lake. But, the amount that comes back to Spring Lake if we purchased in Spring Lake would offsets the cheaper chair from Charlotte. There was no decision on this initiative, this was information only.

#### 5. Adjournment.

**Action:** There being no further business to come before the Board, the meeting was adjourned at 2:04 p.m.

**Motion:** Mayor Pro Tem Hogans

**Second by:** Alderman Christian

**Vote:** Unanimous



*Rhonda D. Webb*

Rhonda D. Webb, MMC  
Town Clerk

ATTEST:

  
Chris V. Rey  
Mayor