

TOWN OF APEX, NORTH CAROLINA

Worksession of the Apex Town Council May 27, 2010

Mayor Weatherly opened the Worksession at 6:00 p.m. to conduct the FY2010/11 budget workshop and to seek direction regarding "game rooms" and the possible grandfathering of sweepstakes type games that were in use prior to the adoption of the UDO amendments adopted on April 20, 2010.

Council Members Gossage, Jensen, Jones, Olive and Schulze were present. Town Manager, Town Attorney, Assistant Manager, Town Clerk, and the Directors were also present.

Item # 01 - FY2010/11 budget workshop

Manager Radford presented the "bare bones" Budget Message. The public hearing will be held June 1, 2010 prior to adoption of the Budget Ordinance; the proposed \$65.6 million FY2010-11 budget is available for inspection.

Highlights of proposed budget: General Fund revenues: tax base grew by .5%; tax rate remains \$0.34 per \$100 valuation; sales tax revenues projected to be down and investment earnings projected to decline. \$30,000 is proposed for economic development activities. With no proposed funds included in the proposed budget for plants within town buildings (\$11,000) and no proposed funds for water purchases or coffee supplies for employees (\$6,000), Manager Radford asked Council consider use of contingency funds to allow these items to be included in the budget. Comparison of last year's general fund with this year's total shows a 0.003% increase; \$419,000 from appropriated fund balance will show a net decline in general fund revenues.

Impacts on Staffing and Personnel Expenses: no new humans are recommended; significant expenditure cuts have deferred furloughs; despite a 2.6% CPI, decline in revenues will not support a cost of living adjustment for employees and there will be no funds to support merit pay increases for employees. Town's employer required contribution to the State-administered Local Government Employees Retirement System has increased by a 1.55 percentage point to 6.41% of payroll (\$256,000). A higher benefit level dental plan increased costs (\$41,000). Directors from Human Resources, Information Technology, Parks and Recreation, Legal, and Construction Management gave explanation for their increased budgets.

Decline in General Fund impacts capital spending, forcing existing vehicles to reach higher mileage levels and ages equipment; proposed recommended capital requests: phone system, defibrillators, new ambulance, yard waste collection equipment total \$243,000; capital requests not recommended total \$862,184. Discussions: eliminate smoking on town properties; best pricing when making purchases and need for additional inventory space; making investments for best rates. Manager Radford added plants enhance the looks of the building and noted the importance of the water/coffee services to the employees; after a discussion regarding both matters, consensus of Council was to eliminate the plants (\$11,000), however, agreed to restore the water/coffee (\$6,000) from contingency funds.

There are no proposed increases in development-related fees and charges; solid waste curbside increase \$9.13 to \$9.29 and recycling services increase \$2.16 to \$2.22 July 1, 2010 (22 cent per household per month). Water/Sewer fund projects 4.2% increase in revenues based on 7% increase in water/sewer rates and necessary to fund Apex share of the regional water reclamation facility (\$3.75 per house per month based on 5000 gallon usage). Electric fund projected 3.4% increase in revenues based on lower investment earnings, stable demand for development-related

services and projected real increase in power sales; electric revenues bonds issued last May provides funds for system expansion; no electric rate increases are proposed. Staff will continue to watch for any rate proposals by the NC Eastern Municipal Power Agency. Director of Finance and Town Manager gave clarity to questions regarding property tax distribution, monthly adjustments, revenue exceeding projected budgetary funds, and general fund balance adjustments. With no further anticipated changes to the proposed budget, Mayor Weatherly restated the public hearing date of June 1, 2010, and noted the budget ordinance must be adopted by Council before July 1, 2010.

Item # 02 – Staff seeks direction regarding “game rooms” and the possible grandfathering of sweepstakes type games that were in use prior to the adoption of the UDO amendments adopted on April 20, 2010.

Dianne Khin Director of Planning presented a draft of a proposed ordinance to sections of the UDO and to the Town Code. Staff recommends the changes: Sec. 4.2.2. Use Table, change the use “Game Rooms and Device” to “Game Rooms”; and permit the use in Planned Commercial zoning district; amendment to Sec. 4.3.4(H) Use Classification. Proposed also would amend Sec. 4.4.5(D) Supplemental Standards: Game Rooms. The amendment would require removal of the Town Code of Ordinances Article II. Game Rooms and Devices Sec. 13-30 through 13-38 in its entirety. There are business locations in the B1 Business District where games are in use; the possible grandfathering of sweepstakes type games that were in use prior to the adoption of the UDO amendments adopted on April 20, 2010 were discussed and noted they are currently non-conforming: Sparks, Race Mart, and possibly Iron Horse. Council has legal authority to grandfather such named games at these locations if they so choose. It was noted if the establishments change hands then the grandfathering would go to the new owner. Planning Board will consider the UDO amendments at their June 14, 2010 meeting and staff will present their recommendation to the Council for their consideration at the June 15, 2010 Town Council meeting.

Mayor Weatherly called for a motion to adjourn the Work Session at 7:30 p.m. Council Member Gossage made the motion to adjourn. Council Member Jensen made the second to the motion.

The minutes of the May 27, 2010 Work Session was submitted by the Town Clerk to the Council for approval during their June 15, 2010 meeting.

/s/Georgia A. Evangelist, MMC
Town Clerk

/s/Keith H. Weatherly
Mayor