



APEX TOWN COUNCIL SPECIAL MEETING TUESDAY, JUNE 9, 2015

William M. Sutton, Mayor
Eugene J. Schulze, Mayor Pro Tempore
William S. Jensen, Scott R. Lassiter, Nicole L. Dozier,
and Denise C. Wilkie, Council Members
Bruce A. Radford, Town Manager
Drew Havens, Assistant Town Manager
Donna B. Hosch, CMC, NCCMC, Town Clerk
Laurie L. Hohe, Town Attorney

The Special Meeting of the Apex Town Council scheduled for Tuesday, June 9, 2015, at 5:00 p.m. was held in the Training Room of Apex Town Hall, 73 Hunter Street

In attendance were Mayor William M. Sutton, Mayor Pro Tem Eugene J. Schulze, and Council Members William S. Jensen, Scott R. Lassiter, Nicole L. Dozier, and Denise C. Wilkie

Also in attendance were Town Manager Bruce A. Radford, Assistant Town Manager Drew Havens, Town Clerk Donna B. Hosch, Town Attorney Laurie L. Hohe, Planning Director Dianne Khin, Fire Chief Keith McGee, Facilities and Fleet Director Marty Mitchell, Parks and Recreation Director John Brown, Engineering Director Ken Jackson, Public Works Director Tim Donnelly, Police Chief John Letteney, Human Resources Director Eleanor Green, EMS Chief Randall Heath, IT Director Erika Sacco, Assistant Fire Chief Jeff Maynard, Assistant Public Works Director David Hughes, and staff members Mike Deaton, Jean Weatherman, April Haughney, John Cannon, Tim Fontaine, Stacie Galloway, Craig Setzer, Ann Stephens, David Boggs

COMMENCEMENT

Mayor Sutton called the meeting to order.

The Mayor stated Council received from the Manager supplemental information to the budget which identified eight positions that could likely be done without as well as a balanced budget without going into Fund Balance. The Manager did a good job in his willingness to take the Mayor's suggestions. If any of the positions were to be kept, there would need to be cuts elsewhere.

Radford stated that at direction of Council, the Fund Balance was reduced by \$1 million and the amount of healthcare deductibles to the tune of \$230,000 was absorbed. The eight positions were ranked from the most needed to the less critical. This would be a further reduction of the 50+ positions originally requested. In the past three years, the Fund Balance contribution has been added to. Last year, one-half million was used as per the plan. The presentation today was to discuss the CIP, Fund Balance methods used in the past, and what is suggested by the Finance Officer.

FUND BALANCE

Holloman displayed a graph showing a very positive picture of the Town's Fund Balance. He discussed changes in the balance, available funding from 2010 to 2015, and the difference between fund balance and available balance. Holloman stated he knows how the State looks at these numbers, and theirs are not as conservative as ours. In a peer group of 21 towns that operate electric, Apex has the 4th highest fund balance. Apex has gone into fund balance in the past but not for recurring expenditures.

The rating agency states that we are structurally sound; the impact of appropriating the \$1 million would not endanger our rating by the agency. Holloman encouraged Council to consider the levels of reserves the Town now has and what the impact of using the \$1 million would be versus what we'd give up if we didn't appropriate the funds. This is a value judgment. Holloman explained the levels, how they are looked at, and the fact that we are safely above those levels. Holloman explained how we would still be in good graces with the agency if we appropriated the monies for a road bond. At one time, Apex was the smallest town to have an AAA rating.

Council was concerned that if we spend Fund Balance, at some point our financial house would be in jeopardy. Assurance is wanted that next year the Manager will bring a balanced budget with no tax increase. Radford spoke about the bond situation and assured Council there would not be a tax increase next year, adding that if growth continues at the current rate, we will approve 400 acres of residential development over the next three years. Discussion ensued on recurring and one-time expenditures, on what the \$1.2 million would be spent, spending Fund Balance instead of getting a loan, and the effects of sitting on Fund Balance.

Havens talked about the CIP and what what was laid out allows us to do. He explained how everything is programmed into the CIP – we know what our needs will be for the next five years. The CIP was modified after the Retreat based on Council requests, and we are trying to live within our needs. We are within our plan except for the school beacons which were deemed valuable enough to put in the CIP.

COUNCIL MEMBER LASSITER MADE A MOTION TO PAY FOR THE SCHOOL BEACONS OUT OF FUND BALANCE;
COUNCIL MEMBER DOZIER SECONDED THE MOTION.

Discussion ensued on trucks, flashers, and Lake Pine Drive improvements. Council stated that if we don't do these things this year, we will do them next year when they will cost more. We should add the \$1 million back into the General Fund budget. Council asked was there another way to pay for these items. Radford suggested Council look at the rest of the budget and hold the motion until after going through the process.

COUNCIL MEMBER LASSITER WITHDREW HIS MOTION.

There was further discussion on the \$15 million bond.

REQUESTED POSITIONS

Green stated her job is to make sure that employees are healthy and happy at work, that we can attract and retain employees, and that she is in tune to employees and supervisors. She could tell stories about work going undone because there are not enough employees to do the work, and employees are working on vacation because they don't have help. 53 positions were requested originally, and 25 of those were cut. The remaining positions requested were really critical. Not adding these positions impacts employee morale. Employees are doing more and more with less, and no one realizes how hard they are working. Our top performers will end up going elsewhere. Not enough employees impacts accidents and safety; they are working faster and not paying attention to safety. This causes an uptick in insurance.

The Mayor asked did the increase in insurance and merit help morale. Green stated we have not done a widespread announcement of insurance and the merit does help, but it eats into it if employees are continuously being asked to do more and more with less. As for the position to population ratio, if we don't add positions, it will lower our service level. Radford added that there is no other municipality that creates functions like Apex, and we are still lowest on the list of employees per thousand.

Lassiter apologized to everyone because he felt Council may have given the wrong idea when the positions soared through the Workshop and Personnel Committee. Scrutinizing the positions should have been done earlier, the Mayor adding that Council was only doing its due diligence. Schulze stated Council was looking for the positions to be valid; and that as has been stated in the past, Council has the right to reserve if they want to add positions. Wilkie thanked Council for the Workshop since three Council Members were not privy to what went on in the Personnel Committee and didn't know the justifications for the positions. In the future, she would like to know the dialog from the Personnel Committee meetings.

Brown provided justification for the parks planner position. He is conservative, his staff has worked hard, and the Parks and Recreation Commission was in attendance to support the position. This comes at a time when Council has asked for additions and expansions to parks and greenways. Everything Council has asked for will be covered in this position. Brown is the only department head on TRC, but he doesn't have time to attend. He relies on staff from other departments to ensure everything that needs to be done is done. A lot of work his department should be doing is done by Planning and Engineering. This is not fair given the level of growth that their staffs are experiencing. He is responsible for two publications

that haven't been updated in two years and no longer given out to citizens because of the outdated information.

This position would be someone who has worked with the development community, planning, and municipal services. Every comparison with other municipalities shows we provide a huge amount of services to the community. At some point services will suffer. We have professionals that should be trusted and in whom Council has confidence. No one is trying to build an empire; no one wants to do anything detrimental to the Town. Khin added that TRC is made up of mid-level professionals, not department heads. The employees have a lot more time to review the material. This is a burden on the employees since because what Brown does is not their primary focus, they have to try to remember what is going on in his area. Things have been missed. She pointed out TRC reviews over 20 plans per month. Brown stated a big part of the job would be grants, sponsorships, etc. There may be an opportunity for the position to pay for itself over time.

Radford pointed out this position was last on the list since it was felt it could be done without for another year. Khin has made a request for this position for the past 3 years, and it has been part of the original budget. Jensen pointed out that two folks who have gone to school for grant writing have not written any grants. Why not go outside for this on a percentage basis. Radford stated this has been done in the past.

Donnelly spoke about the environmental specialist position. This is the only position in Public Works that hasn't been recurring; it wasn't there last year. This is in response to growth, the TRC process, and Council wanting an Environmental Committee. Donnelly spoke about complaints and erosion sites. This would relieve the pressure on middle management staff, which is the biggest bottleneck for TRC. Stormwater utility was discussed. We want to maintain the quality that has won us awards. Without this new hire, response to stormwater complaints and erosion will overwhelm employees and frustrate citizens.

Lassiter stated that if all justifications continued like the ones from Brown and Donnelly, then he was done. We will need these positions to provide quality.

The last person asked to present was John Letteney for the detective position. He stated there is only one officer working drug investigations; one other person is splitting his time to assist. We have to work around the sheriff's office, which is not efficient. They follow their policies and not ours. They are not as familiar with Apex; therefore, we lose effectiveness on working tips. Letteney talked about crime statistics and our current quality of life. Tips come in from citizens, and we don't have people to address them.

Lassiter stated he wished to see approved the recommended budget with benefits Option B, which would include the million dollars from Fund Balance. Schulze felt all the positions we valid. However, he also felt we would be spending more money than we would be taking in this year. Holloman explained how encumbrances would work. Revenue expenditures will still be positive this year. The school flashers were clarified, which Council felt were life and death items, and which they could see coming out of Fund Balance.

Havens explained that if the expenses were not approved this year, it may cost more for maintenance, and then the expenses will still come back next year. Schulze stated he was trying to figure out if we are going towards a tax increase, Radford stating that growth will pay for itself year after year. We have saved money over a period of time, and we will continue to save without expenses exceeding our savings account. Wilkie stated that as an elected official, she has to explain these positions to citizens and she wants to be able to provide reasons. She is satisfied with the personnel requests and did not want this to be a competition between departments. She felt the money was there for the requested projects. In talking to people, she found that they want their quality of life and questioned why we're sitting on the money. She would appreciate the flashers being put back in the budget because they are important.

Dozier stated she was satisfied with the original budget. She had time to talk to folks; and in a high-growth town, people expect to have their needs and wants met. It is unfair to grow and not know how hard this is for staff. She was concerned with benefits and the quality of life for staff. Adding staff may also provide for career movement. Dozier felt like morale was down on this day, which bothered her, and she wants employees to come to work and be happy. We need a budget that plans for the future.

COUNCIL MEMBER JENSEN MADE A MOTION TO INCLUDE ALL PERSONNEL POSITIONS REQUESTED
BY THE MANAGER; COUNCIL MEMBER LASSITER SECONDED THE MOTION.
THE MOTION CARRIED BY A 5-0 VOTE.

Following some discussion about the bridge over Salem Street and saving money by bringing down the Fund Balance,

COUNCIL MEMBER JENSEN MADE A MOTION TO APPROVE THE BUDGET AS PRESENTED; COUNCIL MEMBER DOZIER
SECONDED THE MOTION WITH THE ADDITION OF THE ADDED BENEFITS. COUNCIL MEMBERS JENSEN, DOZIER, WILKIE,
AND LASSITER VOTED IN THE AFFIRMATIVE; COUNCIL MEMBER SCHULZE VOTED IN THE NEGATIVE.
THE MOTION CARRIED BY A 4-1 VOTE.

ACREAGE FEES

Jensen asked for more clarification of our fees after looking at Raleigh's fees. Donnelley stated suggestion came from Committee to raise these fees, which have not been adjusted a lot. The recommendation was to raise acreage fees \$300 for residential. Since we have justification for this, it is not a legal issue.

COUNCIL MEMBER JENSEN MADE THE MOTION TO RAISE RESIDENTIAL ACREAGE FEES \$300; COUNCIL MEMBER LASSISTER SECONDED THE MOTION.

Donnelley stated these fees have only been raised once in 20 years. They were raised \$1,000 across the board about two years ago. The fees are restricted to water and sewer infrastructure.

THE MOTION CARRIED BY A 5-0 VOTE.

Radford stated the budget ordinance would be presented at the next regular Council Meeting to be held the following Tuesday.

ADJOURNMENT

With there being no further business,

MAYOR SUTTON CALLED FOR A MOTION TO ADJOURN.
COUNCIL MEMBER WILKIE MADE THE MOTION; COUNCIL MEMBER DOZIER SECONDED THE MOTION.
THE MOTION CARRIED BY A 5-0 VOTE.

Donna B. Hosch, CMC, NCCMC
Town Clerk

ATTEST:

William M. Sutton
Mayor