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MINUTES

AUGUST 11, 2011

REGULAR MEETING

Mayor Samuel Hardwick called the Regular Meeting of the Town of Youngsville Board of Commissioners to order at 7:00 pm. Mayor Hardwick gave invocation. In attendance were Commissioners Catherine Redd, Graham Stallings, Marvin Roberts, Leelan Woodlief and Joseph Johnson. Also in attendance were Interim Town Administrator Bill Tatum, Town Clerk / Tax Collector Emily Hurd, Administrative Assistant Kathryn Tucker, Town Attorney Pete Tomlinson, and Chief Daren Kirts. Representatives from The Franklin Times and The Wake Weekly were also present.

The first item on the agenda was citizen's comments. Juanita Wood wanted to compliment the Town Maintenance Crew. She stated that one of the workers had been injured and the other 2 men were doing a super job and she wanted to make sure that everyone was told that it was appreciated.

Al Wojtalik wanted to thank the Mayor and Commissioners for inviting the public to the workshop in July and that he thought it was interesting. He asked the Board when was the last time that the Commissioners had visited their areas and talked to the citizens and if they haven't, why not? Commissioner Redd stated that she has talked to some of the people in the area. She stated that she sees them when she's out running or out doing other things. Mr. Wojtalik wanted to know if they were going door to door and Commissioner Redd responded no. Mr. Wojtalik stated that he felt the Commissioners should go out and stop at every household and introduce themselves and to find out what the residents want to see in town from the Board. Mayor Hardwick stated that the Board was visible in town all the time. He stated that it was a great idea but that people could also make the effort as well using the emails or come to the Commissioners.

Jeff Seiter, from East Woods of Patterson, stated that he had a concern he wished to address with the Board. He presented pictures to the Board members about a drop off in his subdivision that he felt was a safety hazard. Mayor Hardwick clarified that the area was near the pool house and Mr. Seiter said yes. He explained that this area was north of the pool house, and was about 40 feet in depth with a 25 degree grade. There were trees located at the bottom. His concern was that there was no guard rail protecting drivers from this drop off. He explained that this had been brought up to the developer and the Home Owners Association about a year ago but nothing has been done about it yet. Mr. Seiter explained that they did plant oak trees for some protection but he felt that it was not enough. Mayor Hardwick stated that he knew Robbins had been working on this before she left and mentioned that a concern was the school buses if the roads were ever icy. Mayor Hardwick stated that Town Hall staff could try to get with the developer and see if they could work with him on getting a barricade of some sort. Mr. Seiter also wanted to mention that the Town may be held responsible if something happened. Tomlinson stated that this would be a developer responsibility or even the Home Owners Association. Hurd stated that the Town had the roads but the subdivision was still in the process of being developed. Tomlinson stated that the Town could refuse to take over the

subdivision if something is not up to town standards. Mr. Seiter asked who cleared the roads and Mayor Hardwick stated that town cleared all the roads it could as a courtesy and Hurd stated that the town workers would also clear DOT roads if they had yet to get to them as well. Mayor Hardwick urged him to stay on the developer and asked if the homeowners had done anything. Mr. Wojtalik stated that they only met once a year and Mayor Hardwick stated that they may want to call a meeting to try to push it. Per Mr. Wojtalik, residents on both sides of Patterson Woods had requested that type of meeting but nothing has happened.

Mr. Seiter also wanted to mention that the new street light that had been installed at the entrance to East Woods of Patterson was on night and day.

Cathy Oakley wanted to ask about the repairs to the railroad crossing. Hurd explained that the minimum standards have increased and they are in the process of updating the crossings. She explained that they were in the middle of replacing the ties and doing some paving on the tracks. She stated that they would also have to remark the crossings as well as putting up new signage. Mrs. Oakley asked if they would be repaving the broken and cracked pavement on the Pine Street Crossing and Hurd stated that they did repave Winston Street Crossing so she hoped that they would continue to repave the others as well. Hurd stated that they would only get the area right at the railroad tracks when they paved. Mrs. Oakley stated that it was not wide enough for two cars to pass at the same time. She stated that one of the new ties is split because it was installed higher than the others. Mrs. Oakley clarified that the entire crossing would be paved and both Hurd and Mayor Hardwick stated that the street wouldn't but the crossing would be paved. Mayor Hardwick wanted to mention that the railroad problems showed how desperately the town needed a bypass.

Janis Cyrus wanted to mention that the Fall Festival is September 17th. She explained that this is a community activity and all the funds raised go back into the community. She stated that they have done the basketball court and the children's playground at the Luddy Park. They have also done sidewalks and benches at the Mitchell Park. She stated that there were also benches and picnic tables donated to the Luddy Park as well. Last year, they bought new appliances for the National Guard Armory for the newly returned troops. Second, she wanted to mention that Harborlite donated a 10' x 15' flag, which is very large. She explained that they asked YABA to help place it in the community. Mrs. Cyrus stated that she knew Andy McGhee wanted one at the Luddy Park so they have been collecting donations to purchase a 50' flag pole with a solar light, costing about \$3,500.00. She stated that they have already exceeded that amount and the pole has been ordered. If this is installed by September 11th they will have a ceremony that day. Cathy Oakley asked if there was leftover money, could it be spent on putting flags on the poles on Main Street and Mrs. Cyrus stated that they would. Mayor Hardwick stated that this was a great sign of the community stepping up to help.

Matt Cyrus had a proposal for the Board about changing how the Water and Sewer system in Youngsville was run. He handed out a copy of the proposal to the Board. He gave a list of reasons for why the Town should manage their own. First, he stated that there would be a cost savings, second would be the investment of tax money back into the town, and third the town would be able to make it's own decisions and what is in the best interest of Youngsville. He stated that a Certification would be required for a B

Distribution Operator and Cross Connection Operator for Water and for sewer a Collection 1 Operator and a backup Operator. He stated that the next class offered would be October 10th – 14th at the Coastal Collections and Distribution School in Carteret Community College. He stated that the test would then be offered on October 27th in Raleigh. The fee for Water test is \$50.00 each and the Pollution Control System would be \$85.00. He would have to get back on the price of the classes since he did not have time to get that information before the Board meeting. He stated that he would have to enroll soon in order to make this round of testing. Mr. Cyrus gave an approximate time line. First, he would have to hold the C Distribution Certificate for one year before getting his B Certification. In that timeframe he would be able to get his Collection 1 and Backflow Certificate. He felt that Youngsville could be established by 2012 to run their own. He stated that there were organizations that would help support small towns as well as subcontracting and rental of equipment when needed. He explained that NC Rural Water Association also provided services such as smoke testing and would help with reports and plans. He stated that they also listed other ORC's on their website for future reference. Mr. Cyrus also stated that surrounding towns were also willing to help out. He also had a list of subcontractors for haulers, pump repair and rentals. He stated that a quote for a hauler in the Youngsville area was \$115 - \$130 per hour. This would negate the town having to purchase it's own \$150,000 vacuum truck. He also received a list of quotes for the water testing (See listing on handout). Next, Mr. Cyrus presented a temporary contract from an ORC for a plan with the Town of Youngsville. This gentleman was willing to train and provide his license until the town's ORC's are up and running. Mayor Hardwick asked what the projected savings were and Mr. Cyrus stated that he did not yet have those figures. Mayor Hardwick stated that the Board couldn't do anything at this point but once Mr. Cyrus was able to get the cost savings they would be able to get it before the Board to make a decision. Mr. Cyrus stated that he would have to sign up for the test in September and Mayor Hardwick stated that he needed to go ahead and get the numbers ready by the next meeting. Mr. Cyrus stated the money he figured on saving the town would help by going back to the taxpayers by lowering water bills, employee raises, and much needed equipment for police department and public works.

The next item on the agenda was the financial report. Bill Tatum wanted to thank the employees for their cooperation and helpful attitude. He also wanted to thank Waste Industries and First Citizens Bank for working with them on the town's financial obligation to them. He wanted to take the Board through the financial statements that they received yesterday. He explained that these were different from the ones that they normally receive. Tatum explained that the old reports were in essence showed only cash receipts and cash disbursements. He stated that it was like a check book, this was how much money came in and went out. It did not show how much money was still owed which was more important. He explained that he has been working towards converting the Town's accounting system to an accrual basis by using the computer's Accounts Payable system. This system will track accounts owed and checks written and this will help generate financial statements that are on an accrual basis. Tatum wanted to run through the handouts with the Commissioners. The first page was the worksheet titled Balance Sheet Summary June 30, 2011. He stated that this was where the Town would be if they had to liquidate on June 30th. Tatum stated that there were other items but these were the main ones. He stated that the Town had cash of roughly \$42,000 and unpaid bills in the amount of \$82,000. This means that the Town was \$40,000 short. Included in the past due amount was approximately \$18,000 from Waste Industries. This

concerned him as garbage fees are collected every month with the water bills. Also unpaid at that time was the payroll taxes and retirement contributions. He stated that all of these items were warning signs that there is a financial problem. Tatum stated that the Board did not know this due to the fact that the financial statements were done on cash basis. The purpose of these new statements is to show both sides and to give an idea of what's down the road financially. The next sheet shows the balance as of July 31, 2011. Tatum stated that the Town had \$39,000 in the bank and outstanding debt of \$127,000 making the Town \$87,000 short. The primary reason for it being so high is the fact that they Town is carrying over debt from the last fiscal year and that payment of early taxes didn't happen as expected. He stated that the Town was expecting \$30,000 in taxes in July that it didn't get, sales tax distributions are down. He stated that times are hard and it hit the Town hard as well. Tatum stated that it was important to know the financial situation. The third page was a spreadsheet prepared by the Local Government Commission. This is a cash flow projection based on the Town's budget. When they prepared this statement, they did not include the Water/Sewer Fund since it is a self sustaining fund, so there is no revenue in the projections coming out of the Water/Sewer Fund. He stated that there were still bills owed from Water/Sewer as of June 30th so Tatum stated that he modified their worksheet to allow the General Fund and Luddy Park and included all of the outstanding debt into the worksheet to see what the cash balances would be each month. If need be the funds can pay each other back. Looking at the bottom line of this worksheet, the projections the LGC did, at the end of August, the Town would have a positive cash balance of \$61,000 then \$99,000 at the end of September. He stated that it kept in the positive until the end of the fiscal year. Looking at next June, the Town would be holding bills again in the amount of \$62,000. Tatum stated that if we could make it through the end of August, the Town would be out of the woods for a while but if the budget holds true and continue at the level of operations, the Town will be in the same situation of holding bills. Based on these projections, there is time to work with the budget and the Board knows it's coming. Commissioner Woodlief asked how this could be prevented next year and Tatum stated that we had a year to figure that out. Tatum stated that there are options. He explained that the biggest expense is labor and benefits. He stated that the essentials of town operations were public safety, streets, and the water system. He explained that this is what Town Governments are there for, but can it be done with less expense? If not, then the rates/taxes will need to be raised to cover those expenses. Tatum explained that money needed to be saved where it could and changes needed to be made. Commissioner Redd stated that she would like to go through the budget and see how things can be spent differently. For example, she met with the people from Envirolink earlier in the week and stated that the Town paid them \$250,000 a year to do the Town's water and sewer. She stated that Matt Cyrus had been involved in that meeting and that was where his presentation had come from. She stated that Envirolink could possible save us 20% just by redoing the contract that the Town has in place. Commissioner Redd stated that she felt the Board had become complacent. She stated that she felt the phone bills were too high and would like to go through each line item. See if things are needed and maybe get quotes to see if we can save in other places. Commissioner Roberts stated that Franklinton was also having problems but that they had laid off some people and had to cut back on expenses. They also have done furloughs. He stated that it may be something that we would need to look into. Tatum stated that something like that would be Board decision since all personnel issues are decided by them per the personnel manual. He also stated that if you have a level of service that you want to provide the

citizens; it is all not on the expense side. If you want to keep the same level of service, revenues also need to be looked at. There's always room for improvement but it's not always because of too many people and not enough work. Per Tatum, he stated that the town workers were doing their jobs well and there was no goofing off or wasted time. He did state that now the Board had time to work with the financial situation. He explained that the Cash Flow Projection was just that, a projection. Things can change that will affect the outcome of the final figures. For example, because the economic times are tight, if people are unable to pay their property taxes early to take advantage of the 2% discount, then the Town will still be in the hole. Commissioner Stallings stated that this problem rested at the Board's feet and Tatum explained that from one year to the next there was a \$14,000 increase in how much further the Town would be in debt so if it started several years ago and added incrementally like a snowball. Commissioner Stallings asked how the Town got this far in debt and Tatum stated that he was unsure at this point. He's still working on the financials of the Town. He stated that he was waiting on the Audit Report but he did state that you can go back to previous Audit Reports and measure how far behind the Town was getting each year. Tatum stated that the Auditors haven't finished yet so there may be a few changes but not in the cash balances and accounts payable balances. Mayor Hardwick stated that the Board definitely didn't have all of the information in front of them when they made all of their decisions. He stated that it was presented clearly by Tatum and now it was up to the Board to change the final outcome for the end of the year. He stated that the Finance Committee needed to look over these numbers and present ideas to the Board as well as other Commissioners if they have any ideas on how to help. Mayor Hardwick stated that now the Town had to move forward and take the steps to help fix the problems. When asked why the Auditors didn't say anything to the Board and Tatum explained that the Auditors did in essence say something by giving the Board their financial statements at the end of the audit but if no one read them, then the problems would have been missed. He did state that they were not the easiest thing to read. Mayor Hardwick stated the budget for this year has already been passed now it was just a matter of moving forward and trying to fix the problems that we have. Commissioner Stallings stated that the Auditors only looked at the figures that they were shown and did not see all of the figures. Tatum stated that he could only speak about what he found and he didn't have any trouble backing it up to June 30th to see where the town was. He did agree that they could only audit what they are given to audit. He stated that they are not paid to search for what's not there, only confirm what has happened over the past year with the paperwork they are given. Mayor Hardwick stated that he appreciated the hard work that he had done and for bringing to light some of the things the Board was not seeing. Commissioner Redd asked about the items that Tatum was automating. Tatum explained that he has activated the Accounts Payable system so no more hand written checks at this point. Mayor Hardwick stated that this would save time. Commissioner Redd asked if he had more plans to make things more efficient and Tatum stated that the budgeting process did not seem to be used to it's full capacity. He felt that the computer could do the budgeting process more efficiently than doing it by hand like it has been in previous years. Tatum stated that everyday things are being improved to help save time and consolidate duties. Commissioner Redd asked about the monthly financial report and if it needed to be changed. Tatum stated that he could put it in excel and make it more readable but Commissioner Redd stated that she meant if there were changes that needed to be made to line items, maybe pull them apart and create their own lines. Tatum stated that he felt the Chart of Accounts looked good. Mayor Hardwick stated that some additions

and changes have been made. Mayor Hardwick and Tatum both agreed that this new type of Balance Sheet was the most important thing for the finances. Commissioner Stallings asked who paid the salaries of the ABC Board, if he had found any information on it, and where is the budget for that? Commissioner Roberts stated that they paid their own salaries and Commissioner Stallings reiterated that the Board still did not have a budget for it. Commissioner Redd stated that she thought this was the first year that the state had required a budget from them and Hurd stated that they had a public hearing for their budget the same day as the Town did. Commissioner Stallings stated that it needed to be submitted to this Board every year. Mayor Hardwick stated that they had their own checking account and Hurd agreed that they are self sufficient. Mayor Hardwick stated that it was run by the ABC Board and Commissioner Stallings asked who was on the Board and Mayor Hardwick stated Robbins, James Underwood, and Everette Pearce. Commissioner Roberts stated that it was a separate entity. Commissioner Stallings stated that the Town of Louisburg had it's own Board but they submitted a budget to the Mayor every year. He stated that this way the Board could see what's going on down there. He stated that he didn't know how many people even worked down there and Hurd stated there were 3 employees. Commissioner Redd stated that if this was something that gave revenue to the Town then the Board should know what's going on. Commissioner Stallings agreed. Mayor Hardwick asked if the Board received audits from both the Town and the ABC Store and Hurd stated yes. Hurd stated that the State watched those accounts very closely and they had all kinds of reports that had to be submitted monthly. Commissioner Stallings stated that the state does not run it, it belonged to the Town. Tatum stated that he could look into it. Commissioner Roberts stated that it was something that the Board had never had. Commissioner Stallings stated that Tatum has changed the information that is being brought to the Board. Commissioner Redd recommended that the Commissioners take another look and see if there was any way to cut expenses and maybe take a look at all of the contracts. Tatum stated that the more people from the Board that are involved the better it would be.

The next item on the agenda was the approval of the Consent Agenda.

MOTION: TO APPROVE THE CONSENT AGENDA

The motion was made by Commissioner Johnson and was seconded by Commissioner Woodlief. It passed unanimously.

The next item on the agenda was New Business. The first item under New Business was a Proclamation for 2011 Lyme Disease Awareness Month. Mayor Hardwick stated that the Board had done one last year as well. This helps to spread the word about Lyme Disease in this area.

MOTION: TO PROCLAIM AUGUST 2011 LYME DISEASE AWARENESS MONTH.

The motion was made by Commissioner Woodlief and was seconded by Commissioner Roberts. It passed unanimously.

The second item under New Business was an Ordinance Revision – Billing Rules 4.301. Hurd stated that she knew the Ordinance Committee was still working on updating them

but she explained that she did this as a temporary fix for some of the issues that have been brought to the Board. The only change was to add a 10 day wait before doing cut offs, nothing else will change. She stated that the 10 – 12 days seems to be average. Commissioner Redd stated that part of the Ordinance was fine but she did have a problem with the amount of deposit that was due for renters. She stated that she felt it was a lot of money. Hurd explained the reasoning behind the way it was done. Originally it was \$65.00 for a home owner because that was close to a minimum bill and most home owners are not going to run out on a bill. It also used to be only \$125.00 for renters but that proved to be too low for larger families. To make it fair so that smaller families were not punished for larger families, it became based on the amount of people in the home. Commissioner Redd asked how many people ran out on bills and Hurd stated that it was quite a few. Commissioner Redd stated that she had never had a bill that was that large. Hurd gave examples of some of the people who have run out on bills including one with a balance of over \$800.00. Commissioner Redd thinks that it is not fair to ask so much to get utilities turned on. Hurd stated that she could work with someone and Commissioner Redd stated that we can't keep on helping like that. She stated that she liked that this was a small town that helped people out but we need to make the rules and stick to them. Commissioner Redd stated that she was looking for a permanent fix that would work for everyone and stick to those rules. Commissioner Johnson asked if it could be tied to the property owner and Hurd stated that legally a property owner cannot be held accountable for bills their tenants run out on. Hurd stated that the Board had just heard what the financial situation was like and she averages about 10 people a year run out on bills and sometimes their deposits don't cover their final bill. Hurd explained that she did use the Debt Setoff System but if people don't get a tax refund back from the state, then the Town may never receive that money. Commissioner Woodlief asked what Hurd wanted to pass tonight. Hurd explained that the deposits were already adopted, the only change that she was asking for tonight was to hold off on turning off water for nonpayment for 10 days. Mayor Hardwick stated that Commissioner Redd was asking to look at changing the amount of money for deposits for renters. Hurd stated that she was only looking to cover the expenses of the Town since they still have to pay Franklin County for water consumption.

MOTION: TO APPROVE THE REVISED ORDINANCE – BILLING RULES 4.301.

The motion was made by Commissioner Woodlief and was passed by Commissioner Roberts. Commissioner Redd clarified that this motion was just on the updated portion of the billing. It passed unanimously. A member of the audience asked how we verified how many people were living in a home. Hurd explained that this had happened before. A lady had called in and started her account saying just one person was living there but her water bills were very high for just one person. She stated that the maintenance guys had told her that there were more than people than just one living there. Hurd stated that she verified the number of people living there with her landlord and sent her a letter stating that more was owed on her deposit. In a small town like this, it is easy to see when someone has more people living there and also the consumption stands out. She stated that she was sure that some people did slip through. The lady in the audience stated that it was as if the town was penalized renters, making it look like that they only wanted owners to live in Youngsville. Hurd explained that you could put a lien on an owner's home to collect the money; you had few options for renters. Hurd stated that this

money was given back after they moved out and Mayor Hardwick stated that some of the deposits refunded were rather large.

The third item under New Business was to discontinue contracts with the NC DOT for railroad crossings at Pine Street and Winston Street. Hurd explained that since CSX is having to upgrade their minimum standards, this means that they would be responsible for remarking and signage that the railroad crossings instead of DOT and Youngsville.

The next item on the agenda was Executive Session (if necessary). Mayor Hardwick stated that he wanted to go into Executive Session to discuss personnel.

MOTION: TO GO INTO EXECUTIVE SESSION TO DISCUSS PERSONNEL

The motion was made by Commissioner Woodlief and was seconded by Commissioner Stallings. It passed unanimously.

The Board went into Executive Session at 8:04pm and came out at 9:07pm. Mayor Hardwick stated that no action was taken.

The next item on the agenda was Reports and Other Business. Mayor Hardwick stated he wanted to reiterate the need for a bypass. He stated that with the work CSX was doing and the paving at 5 Points, he decided to drive to Wake Forest to go around, and they had their crossings shut down as well. Mrs. Oakley stated that it took her 30 minutes to get from Pine Street to the Library.

Commissioner Redd asked if recycling was taking cardboard now and Hurd stated that cardboard could be broken down and placed at the curbside for Monday pickup and that the Town was keeping the cardboard recycling containers since they were free. Hurd stated that when the town workers picked up cardboard they took them to the recycling containers but if they were full, and then they would take it to the convenience center on Park Avenue. Commissioner Redd asked if they got full often and Hurd stated sometimes. Hurd explained that recycling laws regulate that cardboard has to be separated from regular garbage and recycling. If the recycling company came for a second round for just recycling it would be a separate charge. Commissioner Redd asked if the town workers had time to do that every week. She stated that she knew that had to go around anyway for other types of garbage anyway. Hurd stated that it was a separate trip but they had to split all of the garbage picked up anyway. Trips had to be split up between metals, woods, etc. before they can be taken to the landfill.

Commissioner Redd also wanted to mention crosswalks. A resident had come to her about them and she knew that she had tried before to get one installed. She stated that no one even stops for people trying to cross the street anymore. Mayor Hardwick asked if there was a reason that DOT denied the crosswalk and Hurd stated that she thought it had something to do with the traffic count but that the count was done during an odd time of the day and did not show the real traffic problems of Youngsville. She also stated that she remembered something about being too close to the railroad tracks also being a factor. Commissioner Redd stated that she would be willing to contact someone at DOT to help get that process started again. Hurd told her she would get her some information.

Commissioner Redd stated that she and Commissioner Stallings were both on the Ordinance Committee and they have review up to chapter 6. Most changes were small things like typos but there were some things that they needed to add or remove. Some just needed to be brought up-to-date. She stated that she would give them to Tucker and hope to have those changes done by the next Board meeting. Commissioner Redd stated that one thing that they had looked at was for junked cars and that ordinance is in place. The next thing she wanted to work on was signage. She stated that Youngsville Elementary was saving up for an LED sign. Another issue was the signs for the Halloween events taking place on Cedar Creek Road. She stated that they looked awful. She stated that they met the second Monday at the Community House at 7pm if anyone wanted to come.

Commissioner Stallings stated that he and Mr. Roberts were on the Capital Improvement Committee and wanted to pass around a proposal. He asked that the Board look it over and discuss this at the next Board meeting. Commissioner Stallings asked Tatum for clarification about the sewer work that Ultraliner had done, he stated that 50% was grant funded and the other 50% was financed. Hurd explained that the way it had started was the 50% was going to be a Construction Grant and Loan but Governor Perdue had pulled that money, so another grant was found to replace that 50%. In the end, the entire upgrade was paid for by grants. Hurd stated that once the money had come through from the State, the Town had to turn around and send that money right back to the Construction Grants and Loans Program. Hurd stated that the Town did not pay any money for these upgrades. Commissioner Stallings stated that the total price of the project was \$435,000 but he saw an invoice closing out for Ultraliner that was \$458,000. He wanted to know where the difference was. Hurd explained that there was a large file for that grant if he wanted to come by and look at it some time and Commissioner Stallings asked if she could get the numbers together for him.

Commissioner Roberts stated that a little bit further down the road, the Board needed to take a look at some of the dilapidated houses in town.

The meeting adjourned at 9:18 pm.