

**TOWN OF WEDDINGTON
SPECIAL TOWN COUNCIL MEETING
TUESDAY, APRIL 28, 2015 – 7:00 P.M.
MINUTES**

The Town Council of the Town of Weddington, North Carolina, met in a Special Session at the Weddington Town Hall, 1924 Weddington Road, Weddington, NC 28104 on April 28, 2015, with Mayor Bill Deter presiding.

Present: Mayor Bill Deter, Councilmembers Michael Smith, Pamela Hadley and Barbara Harrison, Attorney Anthony Fox and Finance Officer Leslie Gaylord

Absent: Mayor Pro Tem Don Titherington

Visitors: Cathy Killough, Andy Stallings, Peggy Stallings, Jeff Robilliard, Walton Hogan, Jeff Gross, Marsha Gross, Don Sinclair, Barbara Sinclair, Joe DeSimone, Mary Ann DeSimone, John Houston, Betty Houston, John B. Houston IV, Sean H, Robert Henderson, Locke & Jean Stuart, Janice Propst, Elizabeth D. Propst, Bill Price, Monica Rushton, James Rushton, Kenny Schott, Larry Wood, Kimberly Crooks, George Laustsen, Betty Laustsen, Dave Ruths, James Kazmierski, Lynn Cavin, Laura Cavin, Jane Kombs, Sonja Kombs, Mary Knoble, Charlene Connor, Nancy Anderson, Ted Davis, Bob & Janice Wetteroff, Eric Anderson, Ken Sidney, Louis Iglesias, Tyler Iglesias, Kathie Burch, David Basri, Frank Weber, Paula Smith, Tom Smith, Kim Moore, Robert Burns, Joyce Plyler, Teresa Turner, Reid Turner, Beth Mikes, Marty Kennelly, Chris Drost, Jim Drost, Christi Cosasino, Stanley Wilkinson, Jon Horn, Debbie Keiser, Tracy Stone, Reid Turner, Donna Brumbaugh, Edwin Brumbaugh, Darryl Robison, Brooks Bloxom, Luke Hinson, Chet Hill, David Sommey, Genny Reid, Ralph Warner, Adam Warner, Jayna Errico, Doris Bioxom, Leslie Barry, Ted Watson, Judy Johnston, Steve Boynton, Tyler Uebele, Jim Reichenbach, Jon Zakery, Andrew Moore, Ron & Brenda Williams, Beth Caskey, Maureen Nappi, Shiel Hasenfus, Brian Mason, Beverly & David Gilliam, Debbie Fox, Chandra Hollier, Alice Peterson, Charles Peterson, Adam McEwan, Silvano Ferrazzo, Susan Fahy, Jim Fahy, Hector Hernandez, Chris Demaio, Pat Robinson, Harlay Sefcik, Jeremy Hromada, Jennifer & Christopher Young, Robert Anderson, Kim Dunn, Martha Schmoucker, Omar Qureshi, Ted Watson, Lynn Roberts, Lisa Roberts, Scot Rosenthal, Cathy Cosentino, Edmund Cosentino, Carli Socentino

Item No. 1. Open the Meeting. Mayor Bill Deter called the April 28, 2015 Special Town Council Meeting to order at 7:05p.m. There was a quorum.

Item No. 2. Discussion & consideration of contract extension with COG for Clerk assistance.

Mayor Bill Deter made the Council aware of the new Administrator/Clerk who would start May 5th. He got with COG and was able to extend the clerk contract through May 11th.

Councilwoman Harrison moved to accept the contract extension.

AYES: Councilmembers Smith, and Harrison

NAYS: Councilmember Hadley

Item No. 3. Review and evaluate PVFD response to letter over a financial plan.

Mayor Bill Deter - I want to set these up here, and I'm going to make a few comments before we get started. That is, why are we here, and let me provide you some background in context. In July of 2013, an independent consultant was retained to examine and provide recommendations for long-term fire service for the Town of Weddington. In November of 2013, this fire study, known as the McGrath Report, was completed. In December of 2013, the Council started reviewing and discussing this plan as part of these discussions. Providence was asked what their long-term plan is. In effect, where do they see themselves in three to five years, and what is their plan to address their weakening financial situation. At the Town retreat in February of 2014, the Council looked at an analysis to see if the financial issues surrounding Providence would be resolved as the Town grew to its full potential. They do not. At that time, the Council again asked Providence about their long-term strategic plan and what were their expectations and solutions to the shrinking territory and revenue from Mecklenburg County? The same "can we grow out of this problem?" analysis. Well, let's look again, at the February 2015 retreat. The outcome was the same. At the January 2015 Council meeting to help with the cash flow problems and declining fund balance, Providence requested fire service payments from the Town to be paid quarterly in advance. And I believe at one time in the past, we used to do that before we went monthly. This has been implemented. At our February retreat, Providence requested a flat budget for fiscal year 2015/16 as did the other VFDs. However, Providence's flat budget request results in a \$71,000 deficit. With the projected \$71,000 budget deficit, their funds will be exhausted before the end of the fiscal year, and it will be unable to meet financial obligations and its service obligations to the Town under the current agreement. This does not include the additional Town spending for fire trucks or the fire station. As previously mentioned the Town has historically provided additional funding and support at Providence's request. These continued increases are not sustainable by the Town, not warranted by the nature of the services that Providence provides, and not a judicious use of the Town's limited resources. Over this same time, a series of meetings with Providence, Wesley Chapel and other stakeholders have been held, approximately 40 or more meetings. And in anticipation of Providence's financial problems, the Council has encouraged them to find solutions, including a potential consolidation with Wesley Chapel. Providence has rejected this approach, and as far as I am aware, has not identified other ways to improve their financial health. While the Town cannot require Providence to merge, we are also not required to meet their increased funding demand or subject Town residents to a fire protection model that is broken and can soon be insolvent and in a long term to jeopardize fire protection service. In April, Providence was sent a letter requesting detailed documentary evidence of their financial viability. These two red binders are the results of that request. However, most of the information contained in these binders is not relevant to the Town's request or has been seen by the Town Council before. I have pulled nine pages from the hundreds presented. I have selected these pages because they are the only ones that address the financial viability of Providence. I will speak briefly to these nine pages and open up things for discussion among the Council members. The original retreat budget has been submitted in these documents with approximately \$76,000 in expense reductions that Providence thinks fixes the problem and demonstrates their financial viability. There is no discussion of how to fund a significant cost approaching new fire trucks. There is no discussion on how they plan to address the continuing loss of territory and revenue from Mecklenburg County. There is no discussion of where they will be in the next two to three years. A quick review of their performance to budget, this fiscal year, 2014/15 is also quite concerning. While Providence submitted six months actual spending to plan, I have updated to reflect the nine months spending that was in the plan they sent to the Town last month. They are already over budget on four expense categories and are projected to be over budget on additional seven expense categories before this fiscal year has ended. I will now open this up for Council discussion.

Councilmember Michael Smith - I have reviewed the financial statements, and basically, pretty much concur with what your assessment is in which you just read. So I really have no further comment other than I pretty much concur with the findings.

Councilwoman Pamela Hadley – I continue to hear the Providence Volunteer Fire Department is not financially solvent. Well, of course they aren't if we do not adequately fund them. Fire departments are funded by taxpayer dollars. Every fire department in the country would go broke if the taxpayers took away their funding. We, the taxpayers of Weddington, want to adequately fund them. It's not the Town's money. It's the public's money and what I hear the public saying is, pay them with our money. The argument has been made that the Town will go broke if we continue funding Providence Volunteer Fire Department. Numbers can dance on a piece of paper any way the author directs them. Let's look at the bigger picture. Weddington's income per capita is the second in the county, the third in the state. We have a population of 10,000. We have a property tax value of approximately \$2 billion. In comparison, Wesley Chapel's Volunteer Fire Department district has a tax base of \$4 billion with two stations, and approximately 30 square miles. That is two stations with a \$4 billion tax base, compared to one station, with a \$2 billion tax base. Providence has a budget of approximately \$700,000. Wesley Chapel has a budget of approximately \$1.8 million. So who is the most frivolous department? Who operates on less? These numbers should clearly alleviate any concerns of a funding gap and make it crystal clear that the Town can afford to fund the conservative budget we have been presented with. If you combine the municipal property tax rate with a corresponding fire district tax rate, Marvin's residents pay 7.81 cents. Waxhaw's residents pay 37.86 cents. Mineral Springs pays -- residents pays -- 7.33 cents. Wesley Chapel Village residents pay 4.46 cents. Depending on which fire district they are in, Stallings residents pay either 25.78 cents or 26.76 cents. Indian Trail pays 21.31, 22.78 or 23.76 cents for their municipal and fire tax. So citizens in the surrounding community pay an average of 19.76 cents for their town and fire. Weddington citizens pay 5.2 cents. So what about the comments addressing increasing costs? That Providence comes back for more money every year? The average fire tax rate in the county is 4.21 cents. It's been suggested that we pay 3.74 cents for fire service here in Weddington. The average increase for the majority of the fire departments in the county for year 2015 versus 2014 was 20 percent. That is a 20 percent increase, '15 over '14 for the majority of the fire departments in the county. That is the average. We have with us tonight Peggy Altry. Peggy, if you are in audience, will you please stand up. Peggy wanted to speak tonight and share her story that happened Easter Sunday, April 5th of this year. Her home caught fire and burned completely. Her daughter was burned and had to be airlifted to the burn center in Winston-Salem. She attributes saving her daughter's life to a response time of only four minutes. I attribute Providence Volunteer Fire Department saving her daughter's life to not just the proximity and the response time, but having four certified firefighters, of which two are EMTs, as the first responders. Peggy is asking this Council to use her tax dollars to support our local fire department. So the net of the financial picture clearly shows we have a tax base to support the budget that Providence Volunteer Fire Department has requested. That level of funding is well below the average in the county and even in the state. That the increases per year are well below what other departments show. Poor planning on the part of the Town does not constitute an emergency for the citizens Weddington, the county and the state.

Councilwoman Barbara Harrison - I only have a few comments, but I guess I'm going to comment against what Pam said. She said we have a \$2 billion tax base. We have a \$2 billion asset for one station. Wesley Chapel has four [billion] for two stations, which you divide two into that is two. 1.8 for Wesley Chapel is their operating budget. Providence is 700,000. Wesley Chapel pays for, out of their 2.8 cents tax rate, for two loans and for their fire department equipment, meaning their trucks. If Providence was so viable, why could they not get a loan on

their own? I mean, I have seen a flyer where they have \$3 million worth of assets. Why can't they get a collateral loan to pay for their operations to their fire department and to pay for a fire truck? That is why we created the municipal fire district; I could quote a couple of items in there that were said by the then Pro Tem Mayor Dan Barry and our former Mayor Walker Davidson. About every two years the citizens have a right to decide how their fire service was done. Every two years. So for me, when I look at the numbers, asked a couple of questions. One, I don't see Mecklenburg has changed, and yet, I do know that last night the Charlotte Council just approved the Waverly property, 84 acres to go into Charlotte to be annexed, and so that is all out of Mecklenburg. I don't see what Union County is going to give Providence. So I look at these numbers, and what I know is yes, they cut them, and I believe if we continue forward within two months, they will be asking for more money. When you say poor planning, on whose part? It has never been the Town that was in the fire district or fire service until 2012. So I am concerned that if we go forward as is, it's not a 6 cents raise. And I know you say everybody in here is willing to do that, but there are people, I have heard from those people, who do not want their taxes raised. Not everybody in this town had their house assessed lower. There were people that got 7 to 10 percent increase in their assessment. But in the end, we will get 5 percent less than what we had before. This is not an easy decision. But we have to do what is best. Not for just today, but for the future and I would like to read some quotes that were said in the February 9th, 2012 council meeting, when at that point, we were asked to talk about sending out a letter when we were going to create the municipal fire service. And the first thing is, Councilwoman Hadley – “We were elected to do the research to make the decision. I think the vote this past November reflected exactly what the majority of the people wanted. I will prefer to have something more in hand, like what I took into Williamsburg last fall. I will offer clarity and transparency, but at some point, you can cross that line where you give too much information.” Mayor Pro Tem Barry – “People elect us to use our common sense and good conscience to make a decision and sometimes in this republic, it is in their best interest, it is in their best interest but they do not like it. We are going to have to help this community make some very difficult decisions about fire service. The five of us are going to have to make the decision, not the 10,000 people that live in Weddington.” I'm not ad-libbing. It is out there on the web page, and it's on the minutes from February 2012. What I see is that now that there is a difference in what is going on, these two people don't want to give all of the information, and now want the entire 10,000 people to make the decision. Again, I'm looking not only today, but in the future, and I can't see where it's going to be a viable solution for Providence to continue the way they are. Thank you. I'm done.

Items. 4. Review, evaluate and authorize continuing FSA with PVFD, enter into a FSA with WCVFD and/or terminate existing FSA with PVFD.

Mayor Deter - Unless there is more discussion, I think the action we have at hand based on financials that were submitted here and the ones that I have and the Council has, looking at whether we should continue the FSA with Providence, or should we authorize the Town Attorney to take steps to terminate the FSA with Providence.

Councilwoman Hadley - I move to continue with Providence Volunteer Fire Department, and to adequately fund them for the 2015/2016 budget year. Let's look at the conversations we have had with the public. In January, we announced the recommendations of the fire study. To quote the Mayor, I see two options presented: raising taxes, or see if there is an interest in the fire departments consolidating. Before we go down the road of increasing taxes, let's go down the road of seeing if there is potential to entertain consolidation. Meetings were scheduled to work on the logistics of dissolving the two fire departments and in creating a new company. At the Council's February meeting, Council reported the status of these meetings, and the Mayor Pro Tem reviewed the chart, showing the breakdown of cost for the Town, and that we spent 53 percent of our total revenue for public safety. I reported communication from the North Carolina

Department of Insurance that called into question the possible consequences of implementing a consolidation by July 2015. February 25th and 26th meetings were called to dissolve the municipal district and give back the taxing authority to the County. At our March 9th Council meeting, I reiterated what the Mayor had stated during public comment, at the county commissioners meeting on March 2nd: (1). Hemby Road stays open. (2). There will continue to be four firemen staffing 24/7, 365. (3). There will be no decline of service. (4). The State Fire Marshal and the County Emergency Services Director said there will be no increase in homeowners insurance. Again, I shared yet another letter from the North Carolina State Department of Insurance that clearly communicated consequences that had the possibility of increasing homeowner insurance rates, especially working on a timeline of implementing a change, July 2015. It was approved by the Council to advertise a letter of commitment signed by the Town and Wesley Chapel Volunteer Fire Department. It was not approved to advertise Providence Volunteer Fire Department's proposal that included the four areas of agreement, but went on to explain the consequences of not working with the North Carolina Department of Insurance and why a timeline to create a consolidation would better serve the citizens if implemented by July 2016 instead of July 2015. On March 16th, the County Commissioner's budget meeting revealed the staff making a recommendation to the Commissioners for a county wide tax. At Council's April 13th meeting, due to the uncertainty of the County's actions and how that could affect Weddington, Council withdrew the resolution sent to the County in February to take back the taxing authority for our fire service. The Mayor went on to request a motion to terminate the service contract for Providence Volunteer Fire Department and present a contract to Wesley Chapel Volunteer Fire Department to provide fire service to the entire Town of Weddington. And that finds us here today, 15 days after the motion to terminate Providence Volunteer Fire Department and contract with Wesley Chapel Fire Department, making a decision that has not been embraced by the citizens, a decision that has too many uncertainties regarding the primary concerns of the public. Those uncertainties include, but are not limited to, staffing of four certified firemen, two of which are EMTs, 24/7, 365 that has been promised by the Mayor time and again on public record, e-mails and in the media. The contract with Wesley Chapel has no provisions guaranteeing that promise. The Mayor even stated at the March Council Meeting that staffing would be determined by Wesley Chapel Volunteer Fire Department. One would be left only to assume this promise of staffing has now been broken. There will be no decline of service - that has also been promised. Tell me how there will be no decline of our current service when staffing is decreased, and apparatus is decreased to the levels of the substation requirements. The North Carolina Department of Insurance regulations require response of two independent companies. What this means is that two Wesley Chapel volunteer stations responding to a fire will not meet those requirements. Our automatic aid will suffer now because we have to go further down the road increasing response times, and have Waxhaw, Mineral Springs, Bakers, Stallings and even Hemby Bridge on the staff plan for the first tones that are called by 911. The State Fire Marshal and the County Emergency Services director said that there will be no increase in homeowners insurance is misleading, certainly not acknowledging the obvious communications with the state, and is simply not the truth. Because this is a disputed and contentious subject, I would like to call the two experts, the authority in the audience David Summey and Chad Hill to the podium. Could someone outside ask if David Summey and Chad Hill are here?

Mayor Deter - All right. Go ahead and finish. You gentlemen stand back, please.

Councilwoman Hadley – David Summey is the inspection supervisor and Chad Hill is the fire rating inspector with the Union County State Fire Marshal.

Mayor Deter - This is not a public hearing. I will tell you what, we've got plenty of press here, and we've got plenty of people. These gentlemen will have plenty of time to talk to the press and the people when they want to.

Councilwoman Hadley - You have the right to ask questions of expert opinion.

Town Attorney Fox - It's not a public hearing.

Councilwoman Hadley - I'm not saying it's a public hearing. I asked do I not have the right to substantiate my motion by asking experts questions that might influence my motion.

Town Attorney Fox - At this point, the Council was soliciting comments from each of the Council Members. It is a point in time in the meeting where you are allowed to provide comments as a Council Person. It does not include third party input into those comments.

Mayor Deter - Do you have any additional comments?

Councilwoman Hadley - I do have additional comments.

Mayor Deter - Continue.

Councilwoman Hadley – I would think that over such a disputed and contentious subject having two experts not be able to talk to us as a Council and the public, is a disservice, and I would like to go on record that it is not acceptable, as far as I'm concerned. So I wanted to ask -- I wanted to ask these experts exactly what the process was so that we could understand the regulations and procedures that they have to adhere to. I am sorry, once again, that Council is unable to let this happen.

Councilwoman Hadley - What they would explain to you had they been able to answer is that there is a process. They come down and they do a survey. It has to be presented to ISO, and then it comes back for more paperwork. This is not a process where you have a new company or a new fire district come in. It doesn't happen that way, and it doesn't happen fast. Hopefully, you will be able to get these questions answered for yourself after the meeting. The other question that I was going to ask them is does this change have the ability to affect citizens in Wesley Chapel's district - those not in Weddington, specifically Marvin, unincorporated Union County and the Village of Wesley Chapel. Per Wayne Goodman, who is the Insurance Commissioner and State Fire Marshal, therefore, if an established fire insurance district or an established fire department serving as the primary or as automatic aid assisting the fire department of a fire district is abolished or undergoes significant alterations, we are limited on what we can do since a major portion of the rating of the ISO is based on these. Results of any significant alterations could possibly require the overall rating of the ISO be reduced to the minimum required within the state - a class NC 9S. In other words, assuming a town or county does not make appropriate arrangements to offset the effects of the fire department closure, then homeowner's rates for that district would most likely go up. According to the action plan submitted to the state by Wesley Chapel Volunteer Fire Department, the Hemby Road location will be losing apparatus. I was going to ask Mr. Summey and Mr. Hill, how does the apparatus requirement for a substation affect the level of service as compared to our current level of service, specifically, the loss of equipment and apparatus being spread over an entire district. One way that I do know that it will affect, is that once you spread the equipment and apparatus that has left the building at Hemby Road - it is owned by Providence Volunteer Fire Department - then Wesley Chapel will be forced to spread their equipment and their apparatus onto another 10-square miles and into another station. At that point, the fire survey that would be required by the Department of Insurance

would include some proof of a water haul. In other words, when Providence had their inspection back in August, they had to go through a tanker shuttle exercise to prove to the state that they could haul water for certain gallons at a certain period of time, a certain gallon per second for a certain period of time. It has come to the attention of the State that when Wesley Chapel had their last inspection in 2004, Providence Volunteer Fire Department was a part of their exercise to prove that they could haul water. So now that they are moving in without the apparatus of [Station] 32 that supported that inspection, this is one more thing, just one more item of uncertainty, and one more item that the Department of Insurance will have to look at. How does this affect automatic aid? And what I'm speaking to specifically is that two independent companies are required, as I understand, to respond to a fire call. Were Mr. Summey and Mr. Hill able to speak, I think they would confirm that fact. However, a spokesperson for the State Department of Insurance, Kerry Hall, is quoted as saying the availability/nonavailability of non-aid resources is part of the evaluating district rating, so yes, it is possible that the changes being considered could affect neighboring fire departments. Automatic aid resources usually go both ways with both departments helping each other. If one is no longer able to assist the other at the same level, it could affect the rating of the requesting department, unquote. Here is what this means. If two departments.. when you have a fire call, two departments are called to that location. It is required by the state that two separate companies come. So as status quo, Providence responds to a fire call in the Town of Weddington and then Wesley Chapel either 26 or 31 responds. That is two different companies. Once Wesley Chapel were to have control of Hemby Road, then if there was a fire at my house, common sense would say that 32 and 26 would be toned, but that doesn't meet the requirements. So on the automatic aid, they are going to have to include another fire department, which means they have to move further out, further out of road miles, and obviously, response times. So it's just another area of uncertainty and no guarantees. How could this affect homeowner's insurance premiums? Can you guarantee increases, decreases, or even status quo on the rating before actually coming to survey the department and district? The Department of Insurance, if they were able to speak, would tell you that they, number one, they are elected by the people and serve the people. There is no bias towards fire departments, or counties, or local government. They are elected and serve the people. They are here to look after the people. They cannot give - they will not give - an opinion or suggestion as to what any municipality or county should do. What they are tasked to do is come in after the fact and rate what that municipality or county has done. So it's kind of like Nancy Pelosi when she said, we are going have to vote on the bill to see what is in it. We are going to have to wait until the change takes effect to find out for sure what the rating will be with the Department of Insurance. That is how it works. There are no guarantees. There is nothing anyone can say or do to say that your homeowner's insurance will or will not go up before that survey after the fact. Other uncertainties include ownership of the building at Hemby Road. The action plan that was submitted by Wesley Chapel to the state says: In addition to the action items -- in addition to the action items listed above, the department, a private nonprofit organization, will acquire ownership and the deed of the real property located at 5025 Hemby Road, Fire Station Number 32. The Town of Weddington will not retain ownership of any real property as part of this contract for service. So under this scenario, a million dollar asset will be donated or sold. Obviously, it would be transferred from the Town's books. This is another example of the public not being informed. It appears this council is prepared to spend a \$750,000 penalty for no cause cancellation of the Providence contract. This council has said yes, then no, and now it's obviously, yes again. The language of the contract with Wesley Chapel takes back the promises of the cap on increases. The promised words and the actions do not match. The dates of the contract begin on the date of signature. So I wonder how you can have two companies contracted for the same district at the same time. Quick math showed that \$175,000 would be spent, should Wesley Chapel sign immediately, to fund both departments and obviously, that will negate any savings. On April 14th, the county fire commission held a meeting and made a recommendation

to the county commissioners to not implement a county wide fire tax for this year's budget, to instead create a committee of stakeholders - firemen, citizens and county officials - to report back with their recommendations. On April 20th, the Board of County Commissioners had a special meeting to discuss a county wide service model. They received what the fire commission had recommended. They listened to the firemen, citizens, and even council member Mike Smith pleaded with them to slow the process down. The message they heard loud and clear was not to put the cart before the horse. Bring the stakeholders to the table. Be clear and transparent with the citizens and get community support. Understand the consequences before rushing into a decision. And that is what the Board of County Commissioners unanimously -- unanimously -- voted to do. They are creating the committee to bring back their recommendations by January 15th, 2016 for a plan to be implemented July 1, 2016. That is what I'm asking tonight, to follow the example set by the county, and I'm asking this council to do exactly what Mike Smith, among many others, asked the county to do. How can you ask the county to do something you are not willing to do in your own municipality? This council in January promised, if the consolidation was not achieved, we will stay status quo even if it meant raising taxes. That is not what is happening. Council promised staffing of four certified firemen, two of which would be EMTs, 24/7, 365. That is not a part of the contract. This council has promised no decline of service. With decrease of staffing and apparatus that is obviously not true. This council has promised and taken back. I'm not promoting any specific solution to the fire service. This is bigger than one fire department, and certainly bigger than any one person. The effects are far reaching, and in many cases, not all have been realized. All solutions should be considered. All stakeholders should be brought to the table and have a study group to work with the state and the county. We don't know how we will fit into a county wide fire service. Would it not behoove us to stay status quo until we do? The state has already agreed to work with us for a change effective July 2016. Would it not behoove us to slow this train down until we can gain more positive assurances regarding increased insurance premiums? Do we owe it to the citizens to present all of the facts and get feedback from them? Given the facts they have pointed out, given all of the uncertainty and the lack of guarantees for Weddington, the state, the county and the public, I am hopeful careful consideration and support will be given to my motion.

Mayor Deter - Can you please repeat the motion?

Councilwoman Hadley - I move to continue the FSA with Providence Volunteer Fire Department, and to adequately fund them for the 2015/2016 budget year.

Mayor Deter - Any discussion on the motion?

Councilwoman Harrison asked to make a substitute motion.

Mayor Deter - First, we have to vote on the original motion.

Town Attorney Fox - You can vote on the original motion on the floor made by Councilwoman Hadley or you have a substitute motion. If you have a substitute motion, the substitute motion gets voted on first.

Councilwoman Harrison - I would like to thank Mr. Summey and Mr. Hill for coming. I am surprised because both the Mayor and I have reached out multiple times and have gotten very little support from either one of the gentlemen.

Councilwoman Harrison moved to dissolve the FSA with Providence Fire Department.

Town Attorney Fox - If I can repeat where I understand the motion to be then. As I understand the Council's substitute motion would be to authorize the Town Attorney to prepare notification to dissolve the FSA with Providence. But to be implicit in that motion would need to be a determination binding by the Council that the assurances that were provided by the Providence Fire Department are not adequate for the Council's consideration.

AYES: Councilmembers Michael Smith, Barbara Harrison, and Mayor Pro Tem Titherington

NAYS: Hadley

Councilwoman Harrison - I do want to make one clarification. Councilwoman Pam Hadley said insurance rates will not go up. And yet, if you go out to the Department of Insurance, the State Department of Insurance, effective June 1, 2015, voted on by Wayne Goodman in December of 2014, the insurance rates for every county went up. Not every county. I actually have a whole list. So for instance, Rowan County and Cabarrus got a 19 percent increase in their insurance rates. That is what the insurance carriers can now charge people in that – in those counties. We were lucky in Union County, it's only 22%. But to say we are not going to get an increase when the state has granted all of the insurance companies an increase is not exactly correct. Additionally, one of the items that was out there, which I found very interesting is, insurance companies can increase your insurance rate if your FICO score goes down. So I don't want to mislead the citizens that their insurance rates won't go up. In 2013, overall, 7 percent our insurance rates went up.

Councilman Smith moved to instruct the county attorney to pursue a contract with Wesley Chapel upon termination of the current contract with Providence.

Councilwoman Harrison asked to add as an addendum, the letter that went out stating to the 24-hour coverage?

Town Attorney Fox - I think what you are doing is incorporating into the, and I assume what you are asking is, to proceed with the FSA with Wesley Chapel Volunteer Fire Department, that FSA would incorporate the letter that you referenced which spells out the staffing commitments that Wesley Chapel would be equally bound by. Is that correct?

Councilmember Smith - That is correct.

Mayor Deter - I can read it if that helps.

Town Attorney Fox - You want to read it into the record. You also may want to, in finalizing the FSA with Wesley Chapel, state the terms in our compensation.

Mayor Deter - Okay. The letter we are talking about, there were four bullet points that we posted on the Sunshine List to try and get some clarity around this. And that was, (1) The Hemby Road Station will remain in operation as it is today. (2) Staffing will continue to allow four qualified firemen on each shift 24/7/365 as it is today. And we put in brackets EMTs. (3) And the quality and level of fire service will remain as it is today. (4) Homeowners insurance rates will not increase as part of this process. And the contract amount with Wesley Chapel would be \$699,465 a year, which is \$58,288.75 a month, payable on the 15th of each month. We will go back to monthly payments instead of quarterly. This contract will also include, basically a cap that says expenses cannot increase greater than the increase in the Town's ad valorem tax rate. So if the tax rate for growth as for example, goes up 3 percent, they cannot come back and say we want 10 percent. The contract also calls for - even though the letter we are putting on there talks about the

same level of service- it also calls for -- and I'm looking for it in here -- where it talks about a Level 6 rating or greater. It's an annual automatic renewal contract. Response time is.. "The response time shall be consistent with present response times in subject territory. The department shall maintain an insurance protection rating of at least 6 for all properties within the Town, as determined by the North Carolina Department of Insurance". And then some of the other stuff is boilerplate. Maintenance that is the responsibility of the fire department. Some of the other is legalese and something about responsibility. Theirs, ours. Nondiscrimination. Let's see, that is kind of the logistics

Finance Officer Leslie Gaylord - Mayor, if I can make one point. I think you said that the rate didn't increase any more than the ad valorem tax rate and it's the ad valorem tax *base*.

Mayor Deter - Tax base, yes. I'm sorry.

Councilwoman Hadley - In that same line, talking about the cap, I believe last month you said that there would be a cap based on the ad val base, and then the first contract we received did have that in there, but now, obviously, the change has been, the Town will approve budget request increase -- the Town will approve budget requests that do not exceed the percentage increase of the Town ad val tax base if requested by the department. The Town may increase the annual funding for the fire services by a factor greater than the growth rate of the ad val should the town identify a specific need to do so. So obviously, that has been written in by, you know, from the first draft, and since you said that there would be a cap, obviously, now there is a loophole that can be used to prevent that cap from being affected. What I want to know, and I asked during my comments is if this contract is effective immediately, how do you have a contract with one company without having kicked the other one out of the building yet? In other words, it's my understanding that the letter that you sent Providence was dated April 15th, and that should the council decide to terminate the contract, it would be effective from April 15th. Is that correct? Am I correct?

Town Attorney Fox - That the termination of the contract will be a termination that will be effective from April 15th? No, that was the not the intent. And this contract will not be effective immediately. This contract -- it has to be effective upon filing notice to Providence.

Councilwoman Hadley - Where is that stated?

Town Attorney Fox - The Council directed me to finalize agreements, so it will be in the agreement. There is a statement here, and you can see where I have marked through that statement to put to change that date. But it does state in there, effective immediately.

Councilwoman Hadley - So we wouldn't be paying two companies at the same time? When would be the effective date of the termination?

Town Attorney Fox - I would have to calculate that. And that would be in the notice that the Council directed me to provide to Providence.

Councilwoman Hadley - So it would be 90 days from the document that you provided; is that correct?

Town Attorney Fox - It will be from the document. The notice of termination, the date of -- the effective date of the termination will be provided in the notice.

Councilwoman Hadley - And that date could revert back to the April 15th?

Town Attorney Fox - No, it would not.

Councilwoman Hadley - It would be -- I'm just trying to look for clarity here. I'm not trying to trip you up.

Town Attorney Fox - Well, the April 15th letter was to ask Providence to provide assurances as to why it -- as to demonstrate how it would have the financial ability to perform, in light of the deficit situation that was included in the budget request. And that was provided. This point tonight the Council directed me, per the motion, to provide a notice of termination. That motion will also need to direct the Mayor to sign for that draft, as opposed to allowing for me to sign it for Council action would be to carry that out. That letter will be consistent with the FSA and the lease and indemnifying the termination, the effective date of the termination and the next steps.

Mayor Deter -- I think, Pam, your concern is that we are going to have two contracts in place at the same time?

Councilwoman Hadley - Well, and I'm trying to determine the date for the 90 days. I mean because I was led to believe that it was going to be July 1st, based on the first letter. But I was incorrect on that is what you are saying.

Town Attorney Fox - I haven't calculated the date.

Mayor Deter - Any other comments?

Councilwoman Hadley - So are you saying the addendum to the FSA would hold Wesley Chapel - would require them - to staff four certified firemen, two of which are EMTs 24/7, 365 at Hemby Road? Is that correct?

Town Attorney Fox - I think for my purposes as a lawyer, I heard that those are certain terms that the Council would like to see as commitments to Wesley Chapel. They mention a letter. As a lawyer, I might just incorporate those into the actual body of the FSA.

Councilwoman Hadley - So what you are saying is by signing the FSA agreement, Wesley Chapel would agree to the terms of any amendment or addendum to the contract; is that what you are saying?

Town Attorney Fox - What I'm saying is that by signing the FSA, Wesley Chapel will agree to the specific terms contained in the FSA. If those terms are in the FSA, that will be a contract or requirement on Wesley Chapel.

Councilwoman Hadley -- So no addendum would require them to adhere to it? I'm just -- it's a real simple question.

Town Attorney Fox - Well, you can do it by way of addendum and incorporate the addendum into the document by reference. It's just as effective to put it in the document. But since we are in the formative stages of developing the document, my suggestion would be just to incorporate the wording into the document.

Councilwoman Hadley - Understood. Thank you.

Mayor Deter - Any other comments? All right. All in favor say aye.

Town Attorney Fox - Do you want to repeat the motion?

Councilmember Smith moved to instruct the Town Attorney to draft a fire contract with Wesley Chapel upon termination with the contract of Providence, and with the addition that Councilwoman Harrison made about adding the letter to the addendum.

Town Attorney Fox - To incorporate it into the document or add it as an addendum. One remaining question is upon finalizing the FSA, do you want to authorize your Mayor to sign, or does it have to come back to the full council?

Councilwoman Harrison - We will authorize the Mayor to sign.

Councilman Smith – Yes.

AYES: Councilmembers Smith, and Harrison

NAYS: Councilmember Hadley

Councilwoman Hadley - And for the record, to have business, being we haven't seen this document and to get the authority for the Mayor to sign it without it being fully vetted by all members of the Council, I think it's irresponsible, and that is why I voted against it.

Mayor Deter - The contract was the proposed contract that was sent out to all Council.

Councilman Smith - And we have seen it.

Councilwoman Hadley - We are talking about another draft, right? We are talking about another draft of the contract, right? And so we are not going to see that contract before you sign it and submit it to the fire department for their signature.

Town Attorney Fox - Can I go over with the Council the changes as I heard it to be from the document that is before you? One is the document would not being effective immediately. It would be effective upon the notice upon the termination of the FSA with Providence. Two, that the document would include and incorporate the four points that the mayor read to be included as addendum, but can be included in the document itself. Except for that, those are the only changes to the document that has been provided to us.

Item 5. Adjournment

Councilwoman Harrison moved to adjourn the April 28, 2015 Special Town Council Meeting. All were in favor, with votes recorded as follows:

AYES: Councilmembers Harrison, Hadley and Smith

NAYS: None

The meeting adjourned at 8:13p.m.

Bill Deter, Mayor

Attest by: Peggy Piontek, Town Clerk
Transcribed by: Tonya M. Goodson