

Town Council  
July 28, 2009 – 6:00 P.M.  
Work Session Minutes

The Garner Town Council met in Work Session at 6:00 P.M. on Tuesday, July 28, 2009 in the Town Council Meeting Room.

**CALL MEETING TO ORDER**

Attending: Mayor Williams, Mayor Pro-Tem Kennedy, Council Members Behringer, Johns, Marshburn and Singleton

**STAFF MEMBERS PRESENT:** Hardin Watkins, Town Manager; Rodney Dickerson, Assistant Town Manager; Bill Anderson, Town Attorney; Tony Beasley, Economic Development Director

**DISCUSSION**

**Presentation by: Michael Walden, NCSU Economist**

Platform: Economic Downturn and Current Economic Outlook

Biography: Michael Walden is a William Neal Reynolds Professor and North Carolina Cooperative Extension Economist in the Department of Agricultural and Resource Economics of NC State University's College of Agriculture and Life Sciences. He teaches and writes on personal finance, economic outlook and public policy. He has been with the NC State University as an Economist for the last 32 years.

Mr. Walden explained a recession usually happen every 5 to 8 years as it did in 2001, early 90's and 80's. There has been 14 recessions. The reason a recession occurs is the economy peaks and then it declines big. When the 2001 recession occurred it happened because of the technology sector, jobs, production, output and investors retreated and then declined in a recession. This recession comes from the residential real estate side. There was an all time boom that hit this country creating lots and lots of the building housing boom as well as investments. The tax law changed in the early 90's. If you bought a house and kept it for 2 years then turned around and sold it for more than you bought it, the money that was made on the sale of the home, was tax free. The tax law changed and an investment into buying took place. The Federal Reserve had an easy running on the money policy.

The average price of a home was around 3% to 4% a year, but then the percent went up to 12%. Mr. Walden stated that the Federal Reserve took a look at the 2005 raised interest rates and what was being pulled into credit. Gradually the residential housing deflated to a normal level rate to 3 or 4%. Adjustable rate mortgage began to rise and it was an explosive problem.

Housing prices today for an average house has fallen in value by 30%. This is the source of why the recession happened. Home loans were not safe anymore. The drop in housing prices did not help the recession. In October we were on the edge of a total collapse in this country and no other recession came close.

Federal Reserve took action on their money supply which had gone up to 100% and they altered their portfolio. The financial sector is like the human heart of the economy. With the

money and credit tight throughout the economy, no one can get loans and it creates a frozen system.

Mr. Walden stated there is good news; we are off the cliff and on the mend. He believes the worst is over. Yesterday the housing market for new homes sales went up 11%. The inventory of houses has narrowed. The factories decline has stopped. The finance market is not in a free fall. Lending is on the rise to 3%. The employment market it is not getting any worse as it has been. The average comment about the economy shows turnaround in the 4<sup>th</sup> quarter, and 2010 will be a growth year. Employment will possibly change for the better in 2010. Economic recovery status is in a “U” shape recovery.

The latest on the savings rate is 7% on the average and will likely continue. Putting your financial households in order and not spending will make the economic growth go slower.

The Federal Reserve will basically lower the interest rates and print more money. There is a plan to reduce spending and reduce the debt.

#### Question and Answer Session:

Council Member Singleton asked about the manufacturing jobs and where do they stand?

Mr. Walden replied there are different manufacturing issues from this result and there is an 18% in North Carolina for manufacturing.

Pro-Tem Kennedy thanked Mr. Walden for coming to speak to the group. He asked how the local government markets are fairing with this recession.

Mr. Walden stated the recession is back to 2% to 3 % in housing. The sales tax issue has been debated in the Senate. There is a restructure of the sales tax. The best indicator of the sales tax change is in consumer spending.

Council Member Marhburn asked what Mr. Walden’s views are about the turnaround for global recession and what could happen with the international impact.

Mr. Walden replied we are in the biggest economy in the world, China has gone from excellent growth to normal growth and Japan is much worse off than us. The World Bank said worldwide recession will bottom out and stated this is the first truly global recession.

Council Member Behringer asked what the difference between a recession and a depression is.

Mr. Walden replied it is how long the downturn lasts and how deep it goes. Less than 3 years is a recession. A depression lasts much longer.

Pro-Tem Kennedy asked about the International economy, why does China hold a lot of paper and what is the second spin on this Stimulus Package.

Mr. Walden replied the Stimulus Package passed in February and the forecast impacted on the economy. Most of that money won’t be spent until 2010. His guess is that we won’t have a

second Stimulus Package. We borrowed money from China at a rate of 30% to 40%. China holds \$800 billion in treasury bonds. If China wants to go somewhere else to invest their money, then who will be able to buy our future debt?

Council Member Singleton stated there was a news report of the job growth. He asked why the technology jobs are created quickly and eliminated quickly.

Mr. Walden explained that the global economy with businesses can move very quickly. Technology jobs may not be here in the next 20 years. The jobs could possibly be done cheaper somewhere else. The new world has to be flexible.

Mr. Walden was asked the name of the book he has written. The title is North Carolina In the Connected Age which was published in 2008.

Council Member Johns asked if the interest rates will climb higher.

Mr. Walden replied they will go higher for sure in 3 or 4 years. How high depends on inflation. This is a wakeup call, saying we are living beyond our means. Saving money is here to stay for people. There will be no more housing boom. The housing market will get better though. Lending will loosen up, but a change in attitude to lend the money will be tightened.

Pro-Tem Kennedy stated the Town has capital projects and if we hold on for a couple of years to sell bonds, will it cost us more.

Mr. Walden replied yes it will cost you more. Construction will recover slowly. Cost and interest rate will change. Money is not there for infrastructure just yet.

Council Member Marshburn asked if there is a delay with local government and it take 3 to 4 years to recover what amount of revenue will the local government see back.

Mr. Walden replied it will take a minimum of 2 years for local governments to recover which takes us to 2012. We have stopped going down, but it will be a slow recovery.

Council Member Behringer asked what the safe guards are.

Mr. Walden replied not as many banks have failed. So far there have been about 60 failures, but some of these banks merged with other larger banks. There will be new safe guards to take place. Congress will look at this year for some regulations, hedge funds and margin requirements, etc with commercial banks.

Question: When will we see a decline in unemployment?

Mr. Walden stated it will peak until early next year and then decline in 2010 at the end at 10% from the slow recovery.

Attorney Bill Anderson asked with a 40% loss when we will see recovery from the stock market. Mr. Walden replied the stock market may have another dip. It will take several years to get back to \$14,000. Investors should not time the market and spread their money around.

## Questions from the Public:

Question: What is the future of financial jobs in the job market today?

Mr. Walden replied the financial jobs have suffered, but if you are good at what you do, you will get hired. Raleigh is beefing up their finance services and revving up jobs for the next 5 years for future jobs in the financial world.

Question: What is the optimal percent number to start putting money away for our country?

Mr. Walden replied that 8% to 10% of your paycheck to put away in your savings, 401K, etc.

Question: As a consultant would you recommend the Town of Garner, a business, save and do not spend a bundle of money, but spend wisely.

Mr. Walden replied the direction for Town of Garner would be to watch your pennies and save. He advises institutions to be cautious, careful with the spending because the future is unknown.

Mayor Williams said Mr. Walden has honored him by accepting his invitation and welcomes him back anytime.

## **White Deer Project Construction Update**

Presenter: Tony Beasley, Economic Development Director

Power Point Presentation by Tony Beasley and the following information was given.

The White Deer Park is 75% complete to date. The total budget of 4.2 million dollars has been spent. The percentage paid to date is 71%.

Construction Progress regarding work completed for the last two weeks.

### East Side:

- Final grading for landscaping
- Asphalt paving and striping complete
- Finish applied to all wood on structures
- Selective clearing and mulch installed
- Field house has been set in place

### West Side:

- Natural playground by "Just for Fun"
- Masonry walls complete
- Insulation in walls at Nature Center complete
- Sheetrock hung in Nature Center
- Concrete at Nature Center complete

Construction Progress regarding work scheduled for the next two weeks.

### East Side:

- Set all trees
- Finish seeding tack
- Clean asphalt and sidewalks

- Complete landscaping
- Complete exterior tile at restroom
- Complete all trade trim outs
- Complete interior finish of restroom
- Start on mounting of solar panels

West Side:

- Finish playground
- Establish final grades
- Complete sidewalks
- Finish mulching
- Installation of pavers
- Begin installation of hardwood flooring
- Begin siding installation at Nature Center
- Complete cistern tie-ins
- Begin asphalt of parking lots

Project Progress Update for July 28, 2009

Since the project started Council has approved one additional change order batch related to utilities. The first change to the scope of work was approved by Council prior to construction included of \$28,675 for the waterline, \$37,900 for resurfacing along Aversboro Road, \$5,000 for plumbing /cistern emergency operation, \$720 for curb at entrance and \$166,265 for Greenway Extension to Timber Drive has been referred to as change order one.

The second change order which are all utility related results in an increase over previously approved amounts by \$43,005.15. These changes were the direct result of directives from the City of Raleigh Public Utilities during permit review, field inspections and sub-surface discrepancies with the plans. The changes resulted in an addition of a new manhole at the Nature Center, upsizing all manholes, relocating manhole #4 to accommodate larger manholes and grade changes, extensions of sewer to meet City of Raleigh Public Utilities design changes when tying into 18" main sewer service, additional valves and fittings for subsurface discrepancies at the Cope property connection and the additional onsite Reduced Pressure Zone valves for the Nature Center and restroom buildings.

Tony Chalk and Tony Beasley worked through all the requested changes and got some relief from the City of Raleigh Public Utilities for many other items that were originally requested. We scrutinized and evaluated the price proposals from George Raper and Sons and concur that the changes are fair and reasonable

Another item that had to be paid for and not included in the original budgeted amounts was the relocation of AT&T lines along Aversboro Road. The total cost for that part of the project was negotiated down from \$22,749.28 to \$11, 475.00.

In summary, staff will bring forth a recommendation at the August 3<sup>rd</sup>, 2009 meeting to ratify Change Order Batch #2. Staff projects there will be two more change order batches primarily to handle paving, storm drainage and building construction modifications. All these funds are allocated in our project budget contingency. These change order proposals from the contractor have been scrutinized and minimized.

In addition to these changes, the contractor has been granted rain days, 30 days due to delays and complications with permits from City of Raleigh Public Utilities and North Carolina Department of Transportation.

We anticipate the park will open in the month of October. Council agreed to Friday, August 14<sup>th</sup> at 8:30 am for the tour of the park.

Pro-Tem Kennedy made reference to the Project Progress Update of July 28, 2009 2<sup>nd</sup> paragraph second line. Design issues choice was to spend the money to go to the subsurface work. Will the design group pay for their mistake?

Mr. Beasley replied no it was based on what was given to them by the City of Raleigh. The design group had plans from the Town of Garner which were from years ago and the City of Raleigh said that was the problem. The consultant engineer worked off the existing drawings. A redesign of the pipe had to be changed to a 19" pipe and the manhole changed from 4ft to 5ft.

Pro-Tem Kennedy asked if the change order for \$166,265 for the greenway has been spent.

Mr. Beasley replied it has not been touched yet, it is a separate line order.

Pro-Tem Kennedy asked why there are 2 more change orders.

Mr. Beasley replied the original estimate for the paving was \$42,000. Since that time NCDOT came out and said there had to be a redesign because the areas exceed 6%. Because of this new discovery a new profile needed to be done. The design issue was on the building modifications but they were very minor changes, although construction related but not approved as yet. The building code environment was changed by the Town of Garner inspections. The lights had to be relocated by request of the fire marshal. We are working together with OBS and Stuart Engineering to change the redesign. There were rain days tracked by North Carolina weather reports. The original time line is August 15 with the rain days and they were given 30 days. We will have this ready for our punch list by the end of October or first part of September. Staff is at the site daily to make sure things are going well. The architects have the vision but sometimes the vision is expensive and cannot be done.

Pro-Tem Kennedy stated the change order issues must be handled in the most appropriate order.

Mr. Beasley stated that George Raper & Sons wants to finish and get out quickly.

Pro-Tem Kennedy asked if the design team is asking for compensation for the days lost. He also stated that we need to be cautious, because of the design issues that were made.

Mr. Beasley replied yes, we have denied the compensation for the days lost. We want to make sure we keep the project on a time line.

Pro-Tem Kennedy stated he would like to see an update on White Deer Park Construction for the August 3<sup>rd</sup> Council agenda regarding the Change Order batch 2.

Mr. Beasley stated “Just for Fun” staff will mount the slide piece, put the boulders in the pond, and the subsurface work is in order to install the mulch. White Deer Park is a State of the Art Park and it will be the best in Wake County.

Council Member Singleton asked about the road widening and what is happening with that.

Mr. Beasley replied now everything is clear with NCDOT and all the paperwork was released last Tuesday. Paving will start in 2 to 3 weeks and all road work will be done. The contractor will honor the original quote that was given the Town in March. The entry sign should be here soon and the landscaping on Aversboro Road is being installed.

Council Member Marshburn asked if the greenway will be paved with asphalt.

Mr. Beasley replied yes to the greenway pavement question.

Action: Council requests an update report for August 3<sup>rd</sup> Council meeting

### **Economic Downturn Update**

Presenter: Hardin Watkins, Town Manager

Action: No update due to Mr. Walden’s presentation

Mayor Williams stated we will send Mr. Walden a thank you gift from the Council.

Mr. Beasley said he will take care of the gift for Mr. Walden.

### **2009 Council Retreat Locations**

Presenter: Hardin Watkins, Town Manager

Mr. Watkins stated a memo from the Town Clerk, Judy Bass, was attached in the agenda packet regarding retreat information & locations. The budget was approved for a retreat to be located off campus. The cost of the retreat is the same as last year. Mr. Watkins asked the Council which location was preferred. There is a possibility to have the retreat at local site instead. The local site possibilities could be the Clayton or Wake Forest facilities.

Council Member Behringer stated she has been to the Clayton facility and it as very nice.

Council Member Singleton stated he thought the Holly Springs location from the last retreat was also very nice.

Action: Clayton facility selected for retreat  
Council requested the retreat to be on Thursday & Friday only  
Dates: Feb 18 & 19 or Feb 25 & 26

### **Reports**

Mr. Watkins stated there will be an open house meeting to be held on Wednesday, July 29<sup>th</sup> from 6:00-7:30 pm in the Town Council meeting room. The meeting is in regard to NC Hwy 50

sewer assessments. This is an informational meeting so residents understand what will be take my place and the costs involved.

Mr. Dickerson stated 9 out of the 11 residents that will be attending. Mr. Dickerson said he wants the residents to have all the information and understand the assessment process, fees, time line, funds and bid process up front. There will be a question and answer session after the meeting.

Council Member Singleton asked what will happen to the septic fields when the road widening starts on Timber Drive.

Mr. Dickerson replied he would get back to him, once everything has been decided.

Mr. Watkins stated that ConAgra would like to plant a tree in remembrance of the 3 lives that were lost in the explosion. ConAgra has chosen Lake Benson Park to plant the tree. Ed Johnson, Recreation Support Specialist, recommended a site for the planting at Lake Benson Park. A red oak will be planted at the chosen location with a name plate.

Mr. Watkins stated the sidewalks are close to completion. There will be a ribbon cutting ceremony as well as a walk on Monday, Aug 31 at 7:00 pm starting at Town Hall. After the ribbon cutting ceremony, people will be able to walk the loop with the Council Members and the Mayor. People will walk down to Aversboro Road toward Lowe's Foods. Next to the dentist office there will be refreshments and anyone who wishes not to continue the walk will be able to take a shuttle back to Town Hall.

Council decided to collect all the evaluations on the Town Manager at the August 18<sup>th</sup> meeting.

Council Member Behringer reported the following:

1. There is a smell coming from the Dempsey Benton Water Treatment Plant.
2. Ms. Vandussen a citizen living on Rand Road (home daycare business in Garner's ETJ) reported to Council Member Behringer her water is not always acceptable and sometimes the water just doesn't come through the tap. Mr. Watkins said he will give a contact name from the City of Raleigh to Council Member Behringer.

**Closed Session pursuant to NC.G.S. 143-318.11 (a) (3) to consult with Council on pending litigation.**

Motion: Marshburn

Second: Kennedy

Return to open session and adjourned.

Motion: Kennedy

Second: Singleton

**Adjournment: 9:15**

Motion: Behringer  
Second: Johns  
Vote: Unanimous

Respectfully Submitted,

Catherine Reynolds  
Deputy Town Clerk